



# Principal Investor Perspectives Q4/2025







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# Principal Investor Perspectives

## Q4/2025

### Executive summary

- Despite the adverse impacts of US policies and global uncertainty, the world's economies are showing remarkable resilience; this is primarily due to various countering forces that are mitigating these impacts in what can be described as a "balancing act".
- These countering forces include a corporate capex boom, which is compensating for weaker consumer demand, a labor market that has seen job supply and demand fall simultaneously, and pricing pressures that have been kept in check by disinflationary countertrends.
- With the economic expansion intact and growth further underpinned by recent changes in fiscal and monetary policy around the world, corporate earnings and asset prices continue to be well supported in our view, and we are maintaining our tactical overweight in global equities and emerging market assets.
- Listed private equity is a sector where we have held an additional position ever since our Anti-cyclical Value Monitor (ACVO) signaled a deep value buying opportunity following the market volatility triggered by "Liberation Day" earlier this year.
- This systematic monitor was set up in the aftermath of the Great Financial Crisis and has since helped us to detect and exploit extreme market dislocations – for the benefit of the LGT Endowment and our investors.
- Finally, in our Spotlight section, we examine the many ramifications of the rapid rise of stablecoins – a powerful innovation at the crossroads between government-backed currencies and blockchain technology.

### Guest author



**Johannes Oehri**  
Principal

### Authors



**Peter Sigg**  
Investment Strategist



**Ikram Boulfernane**  
Financial Economist

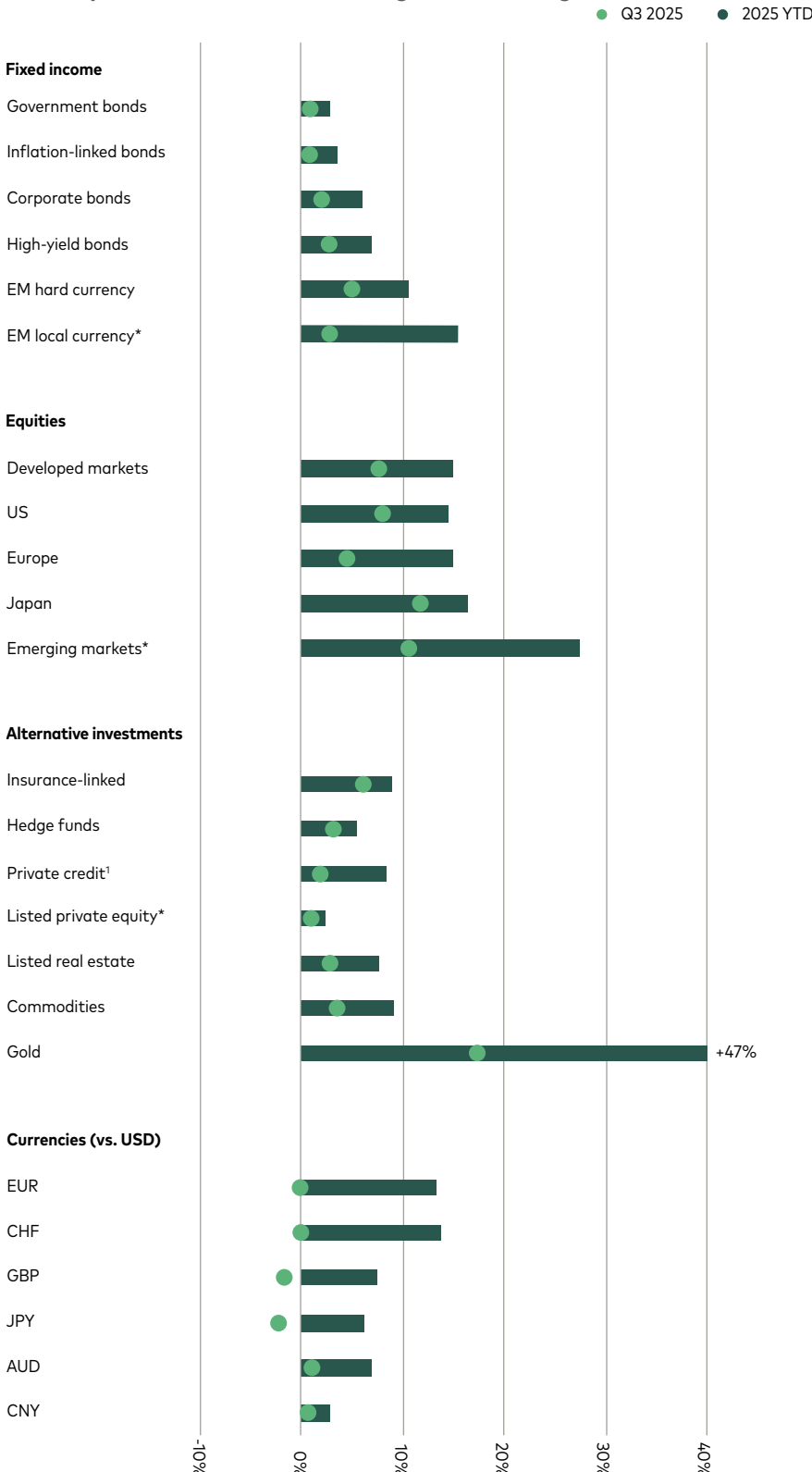


**Boris Pavlu**  
Investment Strategist

# Review of the past quarter

## Markets reflect economic resilience

### Market performance (index returns, gross, USD hedged)



### Recession fears receded against solid economic backdrop

With fears of an escalating trade war further receding and macro data – from GDP growth figures to labor market data – remaining solid, investors moved to fully price out a previously anticipated US recession.

In Europe, conditions appeared healthy as well, as the broader economy avoided a recession, unemployment stayed historically low and inflation returned to the 2% mark, signaling a “soft landing” for the region. In contrast, China encountered ongoing economic headwinds and had to respond with stimulus measures to support economic activity.

### Risk appetite grows

Despite the US’ continued economic strength, the Federal Reserve delivered a widely anticipated rate cut in September, joining other major central banks in easing financing conditions. The combination of global monetary easing and a resilient economic backdrop fueled investors’ risk appetite and drove broad financial market gains.

All major equity regions and fixed income segments finished the quarter in positive territory. Meanwhile, gold surged to a new all-time high, as investors continued to view it as a reliable portfolio diversifier and general risk hedge – not least in light of lingering US dollar weakness.

\* These asset classes are not currency hedged.

<sup>1</sup> Private credit: measured by global leveraged loans.

Source: LGT Capital Partners, LSEG, Bloomberg; Data as of 1 October 2025

Past performance is not a guarantee, nor an indication of current or future performance.

# Macro and market perspectives

## Balancing acts

- Despite the adverse impacts of US policies, coupled with a high degree of global uncertainty, most of the world's economies are still chugging along
- This resilience can largely be attributed to countering forces that can mitigate those impacts and shore up economies, although these "balancing acts" are becoming more precarious
- We decided to give the reigning bull market the benefit of the doubt but made minor yet meaningful adjustments to our tactical asset allocation

### A shock-proof economy

Political affiliations aside, many of President Trump's "shock and awe" policies are certainly proving detrimental to the world economy. Economists are almost unanimous in condemning tariffs on trade and immigration restrictions as instruments to forcefully redirect the global flow of goods, services and workers. And any earnest attack on the US Federal Reserve's independence is bound to create deep and lasting economic harm. Despite all this, the US and the global economy are doing remarkably well and financial markets are recording new all-time highs.

One of the main reasons for this ostensible contradiction is that beneath all the political noise, we have what can be described as a "buildout push". Governments are investing heavily in national defense, the energy transition and other vital infrastructure. Meanwhile, companies are in an arms race for technological leadership (or at least desperately seeking to avoid

becoming obsolete). IT-related capex (read: "AI") has now risen to levels where it contributes positively to overall GDP growth.

### Precarious balancing acts

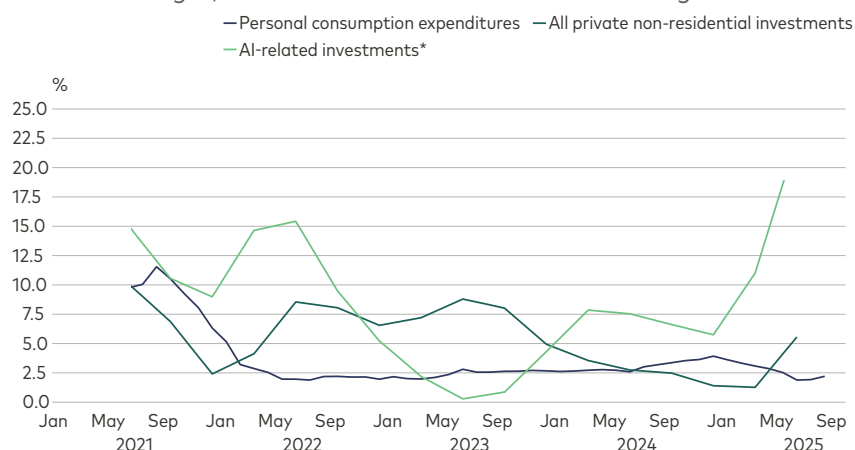
For the US, the corporate investment boom comes at precisely the right time because consumer spending has shown early signs of cooling. And that, in turn, leads to a more general observation: much of the economic resilience that we have witnessed could be explained by forces that are balancing each other.

Inflation is another example: on the one hand, the tariff shock is being absorbed and distributed along the entire value chain, meaning the end-effect on consumer goods is less dramatic than feared. On the other hand, services continue to experience disinflation, alleviating overall pricing pressures.

Let's take a look at labor markets too: Yes, the labor supply is being constrained now through tougher

### Slowing private consumption, rising investment activity

6-month changes, annualized and smoothed rates of change



\* Sum of fixed investments into Information Processing Equipment and Software

Source: LGT Capital Partners, Macrobond

immigration policies. But that comes at a time when labor demand is softening as well, partly because it is still normalizing following the disruption caused by the pandemic, and partly because companies now face a more certain outlook. As a result, the US Fed is confronted with an incredibly challenging balancing act: its dual mandate of maintaining maximum employment while also guaranteeing price stability is now at odds, which is why we believe the Federal Open Market Committee (FOMC) will tread very carefully with regards to future interest rate cuts.

Balancing acts are also being performed more globally. Fiscal

policy is already being loosened in Europe, with similar measures soon likely to follow in Japan and quite possibly also in China. Boosts to economic growth outside the US would be welcomed, given that the world's most powerful economy is losing some momentum and there is a heightened risk of it committing policy errors.

## Globally distributed investment opportunities

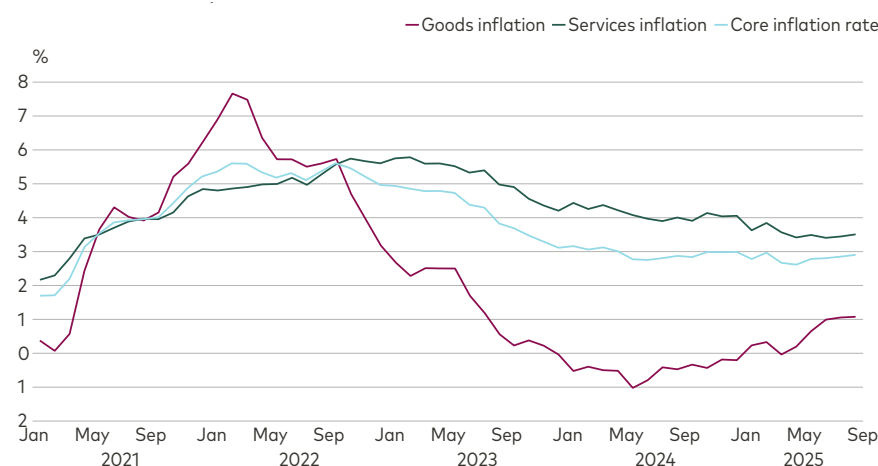
In financial markets, we have already witnessed a more balanced distribution of performance that no longer rests solely on the shoulders of the US stock market (see page 5). That is related to the fiscal push

elsewhere but also reflects the broadening of the AI-narrative – a key driver of the stock market rally. China's AI plays have seen strong bids lately, although the US still commands the lion's share of the global AI ecosystem.

For our asset allocation, we decided to tactically overweight both developed and emerging markets – the latter with a focus on Asia. Quite possibly, the tide has turned for emerging market assets in general, and we have also increased our exposure to frontier market debt in local currencies (see chapter on Portfolio positioning).

## Goods inflation up, services inflation down

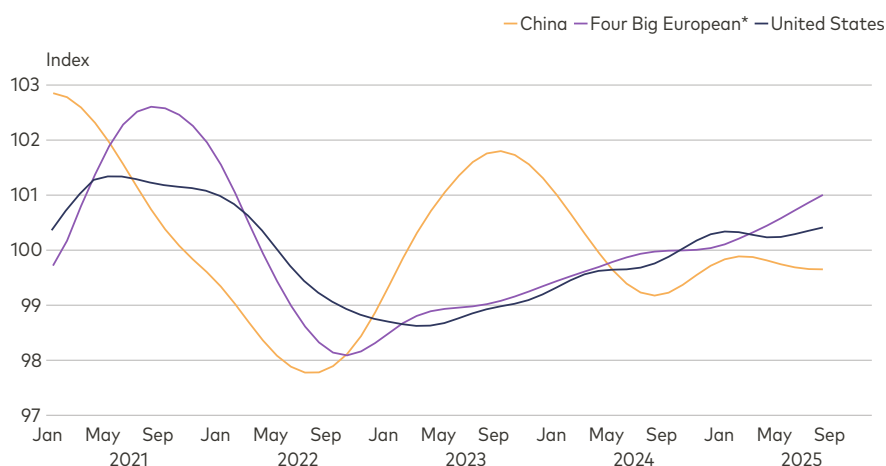
Core PCE inflation components, annualized YoY rates, for the US



Source: LGT Capital Partners, Macrobond

## European business activity revives

OECD Leading indicators; de-trended, smoothed and amplitude-adjusted versions



\* Four Big European countries are: Germany, France, Italy and United Kingdom

Source: LGT Capital Partners, Macrobond

# Spotlight

## The advent of stablecoins: global economic and geopolitical ramifications

- Stablecoins – digital tokens that are pegged to safe financial assets or to fiat currencies – are experiencing rapid growth as they combine the reliability of real-world assets with the speed and transparency of blockchain
- The GENIUS Act establishes clear rules requiring full US Treasury backing, preventing stablecoin issuers from engaging in banking-like activities and positioning stablecoins as structural buyers of US debt
- Stablecoins will likely extend US dollar dominance, offering the US new digital levers of influence at a time when rivals are pushing for alternatives to reduce the dependence on the dollar
- The future holds both promise and risk: stablecoins could reinforce US fiscal and monetary power but also create systemic, technical and geopolitical vulnerabilities

### Stablecoins: the dollar goes digital

Stablecoins are digital tokens that are designed to maintain a stable value – mainly by pegging to a real-world asset, often the US dollar. While dollar-backed tokens dominate, experiments with euro- and yen-linked stablecoins are underway. However, their scale remains marginal compared to the demand for USD-pegged coins. Stablecoins are gaining momentum,

with the supply having nearly quadrupled since 2020 and the total market capitalization now exceeding USD 250 billion. The market is dominated by Tether (USDT) and Circle (USDC), which account for nearly 80% of supply. What makes this innovation unique is the ability for coins to move across public blockchains on a 24/7 basis globally without the need for traditional banking intermediaries. Stablecoins therefore combine the reliability of traditional money with the speed, programmability and transparency of blockchain technology.

### Use cases are rapidly rising

Stablecoins appeal to a wide range of users. Traders leverage them for instant settlement, while corporations use them for cross-border payments and treasury operations. In emerging or high-inflation economies, they act as a reliable store of value and a hedge against currency volatility and depreciation. While consumer adoption for use at the checkout remains limited, stablecoins are increasingly being used in complex business transactions where USD conversions and international transfers are costly and slow.

Institutional adoption is accelerating too. Payment platforms such as PayPal and Stripe, as well as merchants such as Amazon and Walmart, are integrating stablecoins. However, in 2024, nearly 92% of usage occurred within the crypto space itself, with only around 5% representing real world payments. But interest in stablecoins is quickly growing in the areas of corporate treasury management, liquidity operations and cross-border settlements. Finally, emerging markets hope that digital currencies can foster

financial inclusion, especially among their underbanked populations. However, hurdles remain as consumer uptake has so far been limited, technical infrastructure remains uneven and political consensus is elusive.

### The regulatory pivot and its motivation

After a period of uncertainty, the US has now provided regulatory clarity on the use of stablecoins. With the passage of the GENIUS Act<sup>2</sup>, stablecoins are now required to be backed 100% by high-quality, liquid assets such as US Treasuries. This framework could transform stablecoins into a structural, private-sector buyer of government debt while keeping coin issuance domestic. In other words, the intention is to underpin demand for US Treasuries, provide market liquidity and keep short-term interest rates structurally low.

The GENIUS Act also prevents stablecoins from morphing into a shadow banking system: issuers cannot pay interest to coin holders or use their Treasury reserves for lending. In effect, it draws a clear line between payment tokens and banking products, bolstering legitimacy while limiting systemic risk. This also ensures that interest payments and tax revenues remain in the US rather than flowing to coin holders who are often located abroad, especially in China and other emerging markets.

<sup>2</sup> Guiding and Establishing National Innovation for US Stablecoins Act: A US law, signed 18 July 2025, which establishes a comprehensive federal regulatory framework for payment stablecoins.





## Introducing: new vulnerabilities

While stablecoins appear to solidify the US position in international finance, they also introduce new vulnerabilities. Among other things, they alter the buyer base of US debt, rendering stablecoins a new transmission channel between digital finance and sovereign bond markets – a link that is yet untested. In addition, technical glitches, such as smart contract failures, cybersecurity breaches or operational outages, could undermine trust. Concentration risk is also a potential issue: if one or two issuers dominate global stablecoin flows, this could be a source of systemic fragility. Moreover, traditional banks may face funding pressures as deposits dwindle and shift toward tokenized dollars.

## The geopolitics of digital money and the role of CBDCs

It is no secret that another strategic motivation lies behind the GENIUS Act: the goal of reinforcing the US dollar's global dominance. By channeling digital payments into US dollars, stablecoins help to expand the reach of USD-denominated transactions. This gives the US leverage to guide allies, incentivize alignment with its strategic goals and support state-directed economic priorities.

Programmability adds a geopolitical layer: in theory, the US could restrict stablecoin usage by adversaries or require allies and energy exporters to transact exclusively in US dollar tokens. Through these mechanisms, stablecoins reinforce the US dollar's reserve status, counter potential threats from the euro, BRICS currencies or gold, and solidify US influence over global payments systems.

Not surprisingly, others are pushing back. The European Union, China and Russia are racing to develop their own digital currencies – which risks fragmenting global money systems. Many states are focusing on creating their own central bank digital currency (CBDCs). CBDCs are a digital version of a fiat currency, issued and governed by central banks. They offer a state-backed alternative to stablecoins and may serve as an alternative to bridge traditional finance with digital assets. For instance, China wants to reduce dependence on the US dollar with its digital yuan, especially among Belt and Road countries, whereas Russia's digital ruble targets independence from the US-dollar based international payment system known as SWIFT. Meanwhile, the EU's digital euro project aims to counter the dominance of US tech companies in digital payments. The different approaches taken often reflect national ideologies: China places an emphasis on centralized control, while the EU balances privacy and compliance.

## The road ahead

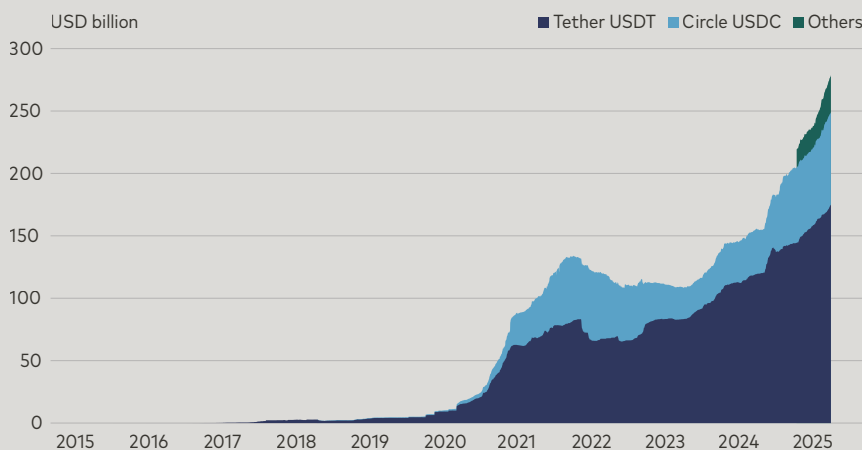
On the face of it, privately issued stablecoins and central bank digital currencies are in direct competition with one another. In practice, however, future coexistence is likely, with CBDCs serving as wholesale settlement tools and stablecoins lending themselves to consumer and corporate applications.

With its recent legislation, the US is fully banking on stablecoins for reasons already laid out. US-issued stablecoins have the potential to strengthen the US' financial and geopolitical influence by embedding demand for Treasuries, internationalizing the dollar and providing regulatory levers – all without issuing a CBDC. However, their expansion could spark resistance from rival powers and place a strain on existing financial institutions.

Best-case outcomes involve broad adoption among allies, minimal disruption and reinforced dollar dominance. Worst-case scenarios could see geopolitical fragmentation, financial instability and uneven adoption patterns. Regardless of this, stablecoins are at the forefront of a global monetary transition, linking traditional finance with digital innovation.

## Stablecoins are gaining traction

Market capitalization



Source: LGT Capital Partners, Macrobond

# Principal insight

## Anti-cyclical value opportunities (ACVO)

### Investing for the LGT Endowment during various crises

Since its inception in 1998, the LGT Endowment has had to navigate various shocks and crises, notably the Great Financial Crisis of 2008 and its aftermath, which were arguably among the most profound stress tests for any investment strategy. Owing to its central tenets of ensuring an optimal level of diversification and of investing in high-quality assets and managers, the LGT Endowment traversed this turbulent period relatively well. Nonetheless, there were some important lessons to be learned.

Difficult market phases and crises require a prudent response but they often also give rise to attractive investment opportunities, especially for long-term investors who, by nature, are able to tolerate intermittent market volatility and temporary price losses. However, it is notoriously difficult to capture such opportunities at the time they present themselves. When markets are in panic mode, capital preservation is key and it is very challenging for an investment manager to switch from "defensive" to "offensive" mode at the right time and move against the crowd.

### A systematic tool to help capture deep value

To help capture major anti-cyclical opportunities, we set up a monitoring system that tracks various asset classes for deep value signals. The framework is designed to identify investments that are "cheap and unloved" and hence offer attractive medium- to long-term buying opportunities. Our rules-based framework is grounded in simple, transparent indicators around asset valuations and investor sentiment. In particular, the framework sets out pre-defined criteria for the systematic purchase (and subsequent sale) of assets based on fundamental research and a wealth of historical market data across a range of financial assets. Ultimately, this helps to overcome cognitive and behavioral bias in investment decisions. And although the default approach is to follow through on the systematic signals that the framework generates, when it comes to execution, the ultimate decision remains with the Investment Committee.

### Few but very valuable signals

The anti-cyclical value opportunities (ACVO) framework was introduced in 2012 after carefully calibrating the system to flash buy signals only in exceptional situations.<sup>3</sup> And indeed, the very first signal was generated four years later, in early 2016, when China growth concerns and rapidly falling commodity prices put emerging market sovereign debt and high-yield corporate bonds under significant selling pressure before they subsequently recovered. Not surprisingly, the Covid-19 crisis triggered another series of buy signals, with those for European and Japanese equities being successfully implemented.

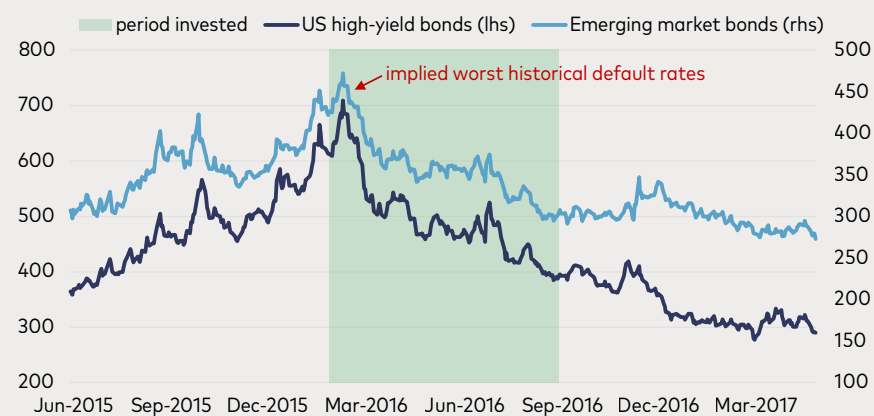
More recently, the framework triggered a signal for listed private equity, as discounts to underlying net asset values (NAV) had widened significantly during the market sell-off following the so-called "Liberation Day". For this particular asset class, history has shown that when discounts widen to levels that are substantially above the long-term average, attractive entry points are often provided. We therefore executed on this signal and implemented a +1% allocation to listed private equity in mid-April 2025 via a passive instrument. Since the time of purchase, the sector has recovered roughly +20% and we are looking to close the position once discounts have fully normalized.

<sup>3</sup> For equities, this means that a first signal is generated when valuation metrics drop below a 1.5 standard deviation from historical averages and investor sentiment is in the lowest decile. A second signal should be generated when valuation metrics reach a 3 standard deviation. Similarly, for credit, buy signals are generated once credit spreads are pricing in a default cycle that goes beyond the historically observed peak.



## First ACVO cases implemented in early 2016

Credit spreads over US Treasuries in basis point

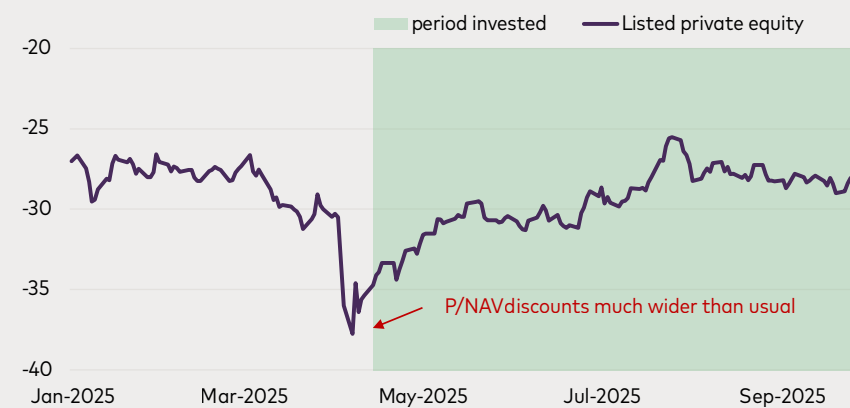


Source: LGT Capital Partners, LSEG, Bloomberg

Data as of 1 October 2025

## Latest ACVO case implemented in April 2025

Average price discounts to NAV in % for listed private equity



Source: LGT Capital Partners, LSEG, Bloomberg

Data as of 1 October 2025

## Continued evolution of the framework

Over the past 13 years, the framework has served us well. It helped to guide our decision-making process during the most difficult periods and to add value for our investors. Based on this experience, the ACVO had been extended to include additional asset classes. While publicly traded equities and credit securities were part of the monitoring system from the beginning, a few less traditional categories have been added in

recent years. Collateralized loan obligations (CLOs) and insurance-linked securities (cat bonds) are two examples of such additions. Market liquidity is somewhat less deep for these instruments, and this can actually compound the undervaluation at times. However, the basic principle remains the same for these categories: attractive entry points are signaled once risk spreads reach historically high levels that likely overestimate actual default risks. Moreover, with our large and experienced inhouse teams for both private credit

and insurance-linked strategies, we always have the option of supplementing the quantitative signals with a timely assessment from our own experts.

By leveraging our expertise, our long-term perspective and our disciplined approach, we believe that we are well positioned to continue to capitalize on opportunities in today's dynamic market environment.

### Overview of the LGT Endowment's ACVO framework Monitored asset classes and their indicators

Equity-related assets		Credit-related assets	
US stocks	<ul style="list-style-type: none"> <li>Price/book</li> <li>Investor sentiment</li> </ul>	US high yield bonds	<ul style="list-style-type: none"> <li>Option-adjusted spreads</li> </ul>
European stocks	<ul style="list-style-type: none"> <li>Price/book</li> <li>Investor sentiment</li> </ul>	European high yield bonds	<ul style="list-style-type: none"> <li>Option-adjusted spreads</li> </ul>
Japanese stocks	<ul style="list-style-type: none"> <li>Price/book</li> <li>Investor sentiment</li> </ul>	Emerging market bonds (USD)	<ul style="list-style-type: none"> <li>Option-adjusted spreads</li> </ul>
Emerging market stocks	<ul style="list-style-type: none"> <li>Price/book</li> <li>Relative performance</li> </ul>	US collateralized loan obligations (CLOs)	<ul style="list-style-type: none"> <li>Secondary spreads</li> </ul>
Listed real estate (REITs)	<ul style="list-style-type: none"> <li>Relative valuations (stocks, bonds)</li> </ul>	Business development companies (BDCs)	<ul style="list-style-type: none"> <li>Discount to NAV</li> </ul>
Listed private equity	<ul style="list-style-type: none"> <li>Discount to NAV</li> </ul>	Cat bonds	<ul style="list-style-type: none"> <li>Drawdown</li> <li>Discount spread</li> </ul>
Dividend swaps (EUR)	<ul style="list-style-type: none"> <li>Implied dividend yield</li> <li>Stock market momentum</li> </ul>		

Source: LGT Capital Partners



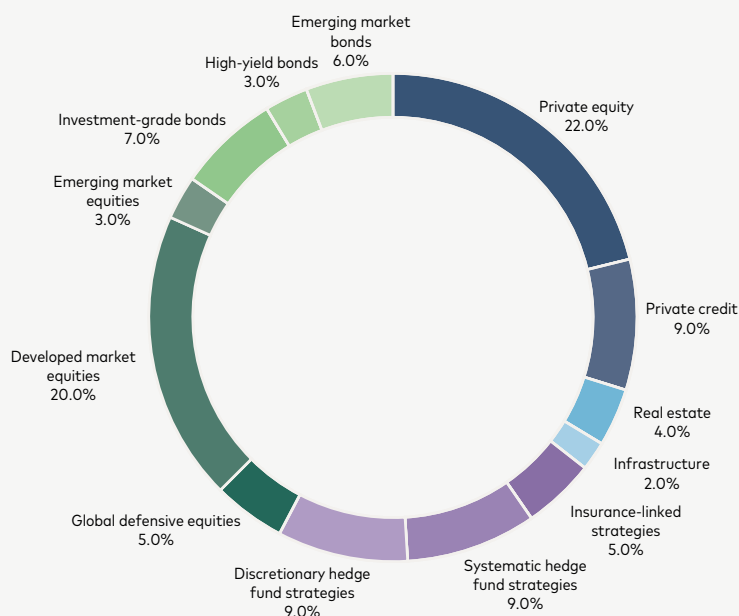
# Portfolio positioning

## Long-term allocation and current focus areas

LGT Capital Partners has been investing on behalf of the Princely Family of Liechtenstein since 1998. Our flagship fund, the LGT Endowment, is an unconstrained portfolio that combines global opportunities in traditional, alternative and private market investments.

The LGT Endowment is today one of the largest funds of its kind in Europe. Its assets under management include substantial sums from LGT's sole shareholder and from key investment professionals at LGT Capital Partners, driving the strong alignment of interests between the firm's owner, our investment team and our investors.

Long-term asset allocation of the LGT Endowment<sup>4</sup>



Source: LGT Capital Partners

### A balanced equity overweight and a preference for emerging markets fixed income

We believe that the various balancing acts that we are witnessing in the global economy should be able to keep the expansion on track. That, in turn, should underpin corporate revenue and earnings growth. Further, the broadening of the market rally beyond the US (tech) leadership seen in the past may well continue. We have therefore upgraded emerging markets equities to a small overweight – alongside the overweight in developed markets.

After many years of outflows, international investors seem to be re-engaging in emerging markets asset classes where risk premia are clearly less compressed. We

particularly like frontier market debt in local currencies, where we have increased our overweight position. US dollar weakness, in combination with cheaply valued emerging market currencies and high yield levels, are all in support of the asset class. Conversely, corporate credit spreads in investment-grade and high-yield bonds are exceptionally tight and thus unrewarding in our view.

In currencies, we have set up a pair trade in the euro (long) versus the British pound (short) based on the expectation that the Bank of England may soon cut rates more aggressively than anticipated. Gold is another asset (or alternative currency) that we like, as the upward trend is supported by secular factors, such as central banks' continued buying to diversify their reserve holdings.

### Myriad opportunities in private markets and liquid alternatives

In alternatives, we are holding our anti-cyclical value position in listed private equity that we bought when average discounts to net asset values reached distressed levels following "Liberation Day" in mid-April. Listed real estate (REITs), on the other hand, is at a small underweight.

The current macro- and market environment is also feeding an attractive deal pipeline in private credit and private equity secondaries, two areas where we have increased our commitments. Finally, hedge funds and insurance-linked strategies remain key providers of uncorrelated returns and are thus a valuable source of diversification for the portfolio.

<sup>4</sup> Please note that the sum of all asset classes amounts to 104%. This includes leverage of 4%. In addition, the portfolio holds a 2% allocation to the dynamic protection strategy, which is an overlay strategy and is thus not added to the overall sum of assets allocated. The quotas above represent the long-term, strategic asset allocation. The actual, invested asset allocation can deviate significantly from these numbers for tactical and portfolio management reasons.

## Overview of focus areas and tactical positioning per major asset class

Public equity	<ul style="list-style-type: none"> <li>Global equities are set to an overweight with an equal tactical allocation to developed and emerging markets as the market rally broadens beyond past US leadership</li> <li>An additional position in listed private equity (LPE) is held as our systematic anti-cyclical value monitor generated a buy signal mid-April for the then deeply discounted asset class</li> </ul>	Developed	+1%
		Emerging	+1%
		LPE	+1%
Fixed income	<ul style="list-style-type: none"> <li>Investment-grade (IG) bonds are a tactical underweight, reflecting the risks of a further steepening of global yield curves on rising fiscal concerns and an uncertain inflation outlook</li> <li>High-yield (HY) bonds are currently unattractive as credit spreads are historically low</li> <li>Emerging market (EM) bonds in local currency, especially debt from Frontier markets, are held at overweight on attractive yields, low currency valuations and continued US-dollar weakness</li> </ul>	IG bonds	-3%
		High yield	-1%
		EM debt	+2%
Private equity	<ul style="list-style-type: none"> <li>Smaller-sized assets present more growth opportunities, in our view, driving our capital deployment into small and middle-market buyout funds. We further raise our allocation to secondaries and co-investments, where opportunities are fueled by a persistent lag in exits and a challenging fundraising environment.</li> <li>Our focus is on established assets, with increasing activity in the growth space. Balanced allocation between Europe and the US, in addition to select regional opportunities in Asia.</li> </ul>		
Private credit	<ul style="list-style-type: none"> <li>We see attractive opportunities and significant market growth in credit secondaries.</li> <li>European and middle market direct lending are currently offering excess spreads over US large cap direct lending.</li> <li>Asset-backed lending, portfolio finance and structured credit other areas of focus within the asset class.</li> </ul>		
Real estate	<ul style="list-style-type: none"> <li>Activity is expected to pick up with lower interest rates and investors pushing for distributions. More transactions are also expected as investors begin to sell secondaries to generate liquidity so they can re-allocate capital into new investments.</li> <li>Our focus is on asset classes with strong demand-supply dynamics, for instance in the residential or logistics/industrial markets. We seek out assets with robust underlying cash flows and opportunities to enhance asset quality and/or income.</li> </ul>		
Infrastructure	<ul style="list-style-type: none"> <li>Infrastructure can provide stable, uncorrelated returns across market cycles and can serve as a partial inflation hedge.</li> <li>We go beyond single investments in classic infrastructure and are targeting businesses in four growth-oriented, multi-decade themes: (1) Digitalization, (2) Decarbonization, (3) Demographics, and (4) Deglobalization – but selectivity of quality assets and businesses remains key, and, in that respect, we also make use of the quickly growing infrastructure secondary market.</li> </ul>		
Insurance-linked	<ul style="list-style-type: none"> <li>The asset class is experiencing continued growth, driven by the increased purchase of cover against natural catastrophe losses by insurance companies and the higher insurance premiums of recent years attracting more funds.</li> <li>In view of the positive recent reinsurance periods and the associated available capacities in the market, our usual focus on diligent underwriting will be a key factor for a successful investment year.</li> </ul>		
Systematic hedge funds	<ul style="list-style-type: none"> <li>We are focusing on uncorrelated strategies with positive convexity and their favorably asymmetric return profiles.</li> <li>For that purpose, we recently added an uncorrelated FX quantitative macro strategy.</li> <li>We generally target managers with differentiated AI-driven approaches, for instance in quantitative equity strategies.</li> </ul>		
Discretionary hedge funds	<ul style="list-style-type: none"> <li>We continue to favor sector specialists as they are best positioned to take advantage of the current high-dispersion market environment; we just added two technology specialists to capitalize on AI-driven secular winners and losers.</li> <li>We are further exploring an addition of an Asia-focused specialist to diversify our regional exposure.</li> </ul>		
Currency and overlays	<ul style="list-style-type: none"> <li>Long EUR vs short GBP, on the back of stronger inflows into Eurozone assets and a weakening growth picture in the United Kingdom, which could lead to dovish monetary policy surprises</li> <li>Out of benchmark position in gold as secular trends (e.g. central bank buying to de-dollarize holdings) and technical factors are supporting a continued upward trend in the precious metal</li> <li>The portfolio currently has a small leverage, i.e. negative cash</li> </ul>	EUR/GBP	+2%
		Gold	+2%
		Cash	-2%







Last allocation decision: 10 September 2025  
Source: LGT Capital Partners





# Appendix

## Economic data and market fundamentals

Economic fundamentals <sup>5</sup>		World	USA	China	Eurozone	Japan	UK
Nominal GDP (USD bn)	2025	113'795.678	30'507	19'232	16'819	4'186	3'839
Real GDP growth (%YoY)	2025	2.9%	1.8%	4.8%	1.3%	1.0%	1.3%
	2026	2.9%	1.8%	4.2%	1.1%	0.7%	1.2%
Inflation (CPI, %YoY)	2025	-	2.8%	0.1%	2.1%	3.0%	3.4%
	2026	-	2.9%	0.8%	1.8%	1.8%	2.5%
Leading indicator	latest	52.9	53.6	52.5	51.2	51.1	51.0
(PMI Composite)	last 6M						
Gross government debt	2025	-	122%	96%	89%	235%	104%
Structural budget balance	2025	-	-7%	-8%	-3%	-3%	-4%
Current account balance	2025	-	-4%	2%	2%	3%	-4%
Short-term rate	Policy rate	-	4.3%	4.4%	2.2%	0.5%	4.0%
	Deposit rate (3M)	-	4.1%	1.6%	2.1%	0.5%	4.2%
Government bond yield	2Y	-	3.6%	1.5%	2.0%	1.0%	4.0%
	10Y	-	4.1%	1.9%	2.7%	1.7%	4.7%
Implied inflation (CPI Swaps)	Next 10Y	-	2.6%	-	2.0%	1.6%	3.2%
FX valuation (REER) <sup>6</sup>	latest	-	4.6%	-10.9%	4.2%	-20.4%	6.8%

Public equities		World	USA	China	Eurozone	Japan	EM <sup>7</sup>
Market capitalization (USD bn)	latest	90'269	58'365	3'025	6'960	4'365	9'708
Sales growth (%YoY)	next 12M	6%	7%	8%	3%	4%	8%
Earnings growth (%YoY)	next 12M	11%	13%	8%	9%	9%	14%
Valuation (P/E)	next 12M	21.1	25.4	14.9	16.1	17.4	15.3
Cash flow multiple (EV/EBITDA)	last 12M	13.8	16.8	12.3	11.8	6.8	9.6
Earnings yield	last 12M	4.4%	3.5%	6.3%	6.0%	5.7%	6.2%
Dividend yield	last 12M	1.7%	1.2%	2.0%	3.0%	2.2%	2.3%

Private equity		North America		Europe		Global
Entry valuation (EV/EBITDA)	2024/2025	12.3x		10.6x		11.4x
EBITDA growth (% p.a.)	last 3Y	8.4%		7.5%		7.7%
Discount to NAV (for listed PE)	latest	-		-		-15.8%

Credit markets		US corporate bonds	US high-yield bonds	US leveraged loans	US middle market loans	EM sovereign USD bonds	EM sovereign local bonds
Yield	latest	4.8%	6.7%	7.7%	9.2%	7.1%	5.9%
Credit spreads (in bps)	latest	74	267	392	481	283	-
Modified duration (in years)	latest	7.0	3.1	-	-	6.6	5.4

<sup>5</sup> Economic fundamentals are based on IMF forecasts and Bloomberg consensus estimates. Government debt, budget balance and current account all in %GDP.

<sup>6</sup> Based on current difference to the 10-year average of the real effective exchange rate (REER).

<sup>7</sup> EM: Emerging Markets (broad index)

Source: LGT Capital Partners, Bloomberg, LSEG, Pitchbook; data retrieved on 1 October 2025

**Head office****Pfäffikon (Switzerland)**

Schuetzenstrasse 6, P.O. Box  
CH-8808 Pfäffikon  
+41 58 261 8000

**USA****New York**

1133 Avenue of the Americas  
30th Floor  
New York, NY 10036  
+1 212 336 0650

**San Francisco**

580 California Street  
Floor 13, Suite 1330  
San Francisco, CA 94104  
+1 628 201 0050

**EMEA****Dubai**

Dubai International Financial Centre  
Office 7–Level 3–Gate Village 10  
P.O. Box 125115  
Dubai 12511, United Arab Emirates  
+971 4 401 9900

**Dublin**

30 Herbert Street  
Third Floor  
Dublin 2 D02 W329  
+353 1 264 8600

**London**

1 St James's Market  
London SW1Y4AH  
+44 207 484 2500

**Luxembourg**

21, Allée Scheffer  
2520 Luxembourg  
+352 27 86 66 86

**Frankfurt am Main**

Taunusanlage 9–10  
60329 Frankfurt am Main  
+49 69 505 0604 701

**Paris**

43 Avenue de Friedland  
75008 Paris  
+33 1 81 80 5600

**The Hague**

WTC The Hague, Prinses Beatrixlaan 582  
2595 BM The Hague  
+31 70 701 8270

**Vaduz (Liechtenstein)**

Herrengasse 12  
FL-9490 Vaduz  
+423 235 2525

**APAC****Beijing**

Floor 61/Unit 01, China World Tower 3B  
1 Jianguomenwai Ave  
Chaoyang District  
Beijing, P.R. China 100004  
+86 10 5082 5354

**Hong Kong**

Suite 4203, 42/F Two Exchange Square  
8 Connaught Place Central  
G.P.O. Box 13398  
Hong Kong SAR  
+852 3841 78 88

**Singapore**

50 Raffles Place, Singapore Land Tower  
Suite 19, Level 46  
Singapore, 048623  
+65 60 47 82 70

**Sydney**

264 George Street  
Suite 40.04, Level 40  
Sydney NSW 2000  
+61 2 7908 7777

**Tokyo**

9th Floor, Okura Prestige Tower  
2-10-4, Toranomon, Minato-ku  
Tokyo 105-0001  
+81 3 4510 6900

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LGT Capital Partners Ltd.  
Schuetzenstrasse 6  
CH-8808 Pfäeffikon

+41 58 261 8000  
[lgt.cp@lgtcp.com](mailto:lgt.cp@lgtcp.com)