

Investment Spotlight

W&P Dynamic Balanced USD

Q3 2025

Economy & Markets

The third quarter was marked by increasing stabilization following the turmoil in the second quarter surrounding Liberation Day. The US economy continued to show resilience, although labor market data is increasingly giving cause for caution. The import tariffs implemented in August have not yet had a decisive impact on consumer price trends, although recent inflation developments are pointing slightly upwards again, further away from the central bank's target range. Against this backdrop, and amid strong political pressure, the Federal Reserve cut interest rates again in September. Long-term interest rates have fallen slightly, and credit spreads are near decade-lows, indicating ongoing confidence in the quality of corporate credit. Gains in the US stock market outpaced most other markets, notably Europe, which has lost some of its momentum due to continued growth struggles in industrial & manufacturing sectors. The price of gold accelerated its rise, fueled by central banks diversifying their currency reserves.

The Fund

Recap

The biggest contributors to the positive performance were shares in AliBaba, Alphabet, Apple, but also companies outside technology such as Swiss industrial ABB, Vulcan Materials or the European Banking sector saw a very strong third quarter. Defensives such as health care and consumer staples saw further weakness. Bonds contributed positively as well, and gold experienced another significant increase in price, resulting in an overall strong third quarter.

Transactions

The biggest changes were implemented in the technology sector. We further diversified our exposure to chip and network technology by buying Arista Networks and Broadcom, on the other hand reducing software exposure. Additionally, we closed our position in insurance company MetLife, reinvesting into JP Morgan as well as online broker Charles Schwab.

Outlook

Economic surveys show that business representatives are quite positive about the outlook for the near future. The main factors with disruptive potential are a weak labor market and a continuing reversal of inflation trends. In addition, there is disagreement about how strongly US tariff policy will affect both price levels and economic activity. In terms of monetary policy, further interest rate cuts are most likely in the US, although there would be more room for maneuvering in Europe. In terms of stock markets, the topic of AI and the associated investment boom continue to set the tone, but this significantly increases the susceptibility to corrections and is overly influenced by a small number of players.

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