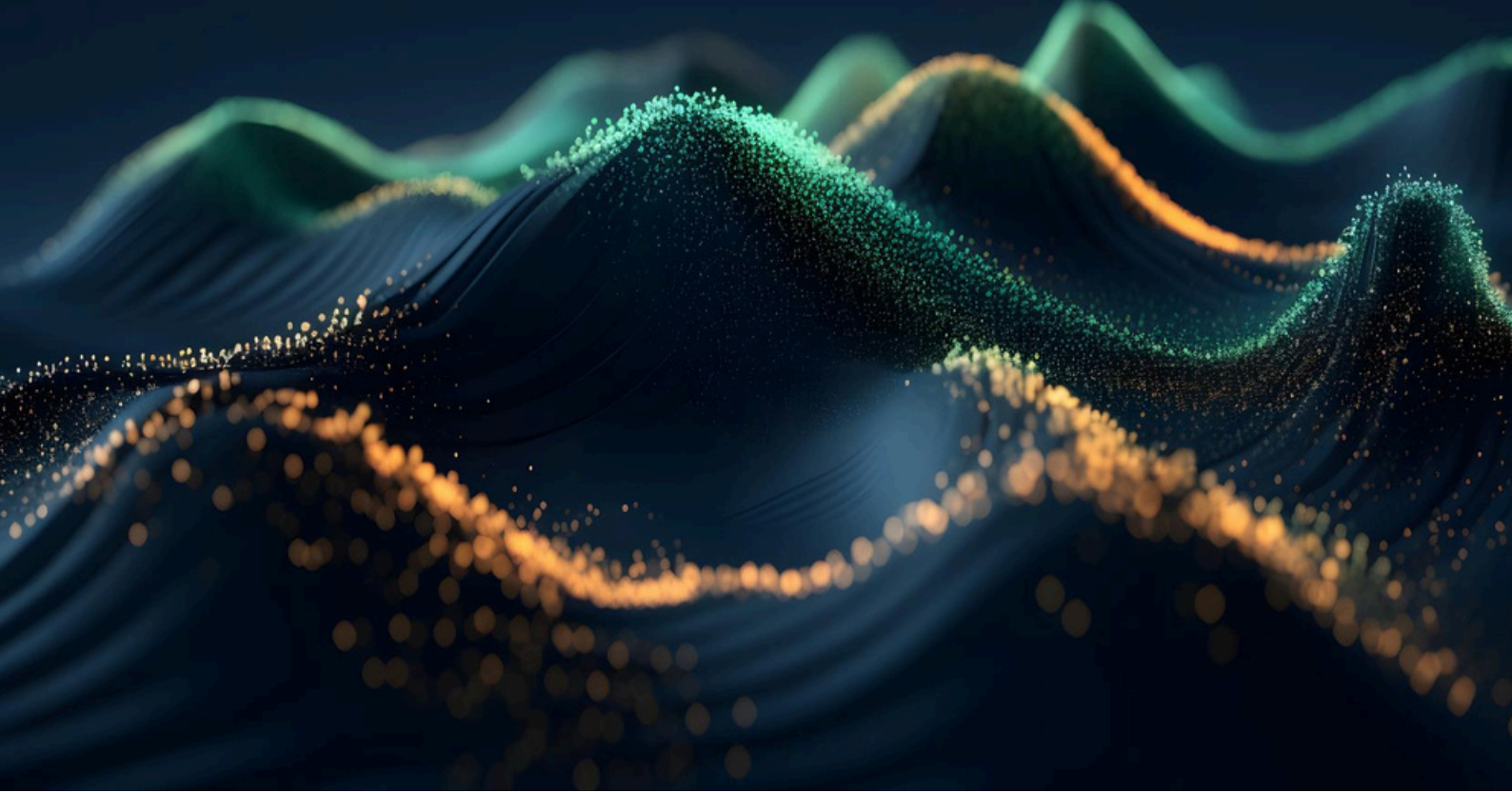


GENVIL

WEALTH MANAGEMENT & CONSULTING



MARKET INSIGHT

October 2025

Precious metals are in vogue and this could last

The month of September offered satisfaction to investors who maintained their positions in the stock markets, even if the progression of indices came to a halt at the end of the period.

Stock markets thus defied the traditional negative seasonal effect of September, with an increase of nearly 3% in the MSCI All Countries Index in dollars.

However, the real stars of recent weeks are indeed precious metals, gold and silver in particular.

We mentioned last month our expectations of a further medium-term rise in the yellow metal. The sharp and rapid movement of the ounce toward our target of USD 3,800 somewhat surprised us. On the other hand, it does not call into question our commitment to an overweighting of gold in our allocations.

The resumption of the monetary easing process in the United States, doubts about the independence of the Federal Reserve (Cook affair), an uncertain geopolitical climate and reinforced concerns about the dollar in the medium term all combined to fuel the safe-haven status of the "barbarous relic" in September.

New purchases by Central Banks and a resumption of private investment flows (ETFs) only reinforced upward pressures on gold prices.



«Our commitment to an overweighting of gold remains intact»

FRANÇOIS SAVARY, CIO

GENVIL SA

The recent OECD outlook has reinforced the idea that the global economy is on the path to a soft landing, by the end of 2026.

In fact, apart from disappointing figures on the employment front, US economic data are far from sending a negative message (Q2 GDP revised upwards to 3.8%, solid retail sales and stronger-than-expected growth in durable goods orders, for example).

The Fed's decision to lower the cost of money in September, which should be followed by further moves by spring (target for Fed Funds at 3%), should limit any slowdown in growth across the Atlantic over the coming quarters.

A satisfactory economic climate and the support of a new round of rate cuts in the USA represent, a priori, a favorable environment for risky assets, especially equities.

These elements, however, seem largely integrated in stock prices. We do not change our opinion on this subject!

We have maintained our equity exposures in recent weeks, in line with what we announced last month.

The expensive valuation of certain markets and certain segments of the listings cannot be denied.

It could justify a consolidation movement in the

“There is something paradoxical about seeing gold, a safe-haven asset, and equities, which play the Goldilocks scenario for the economy, both rise in tandem.”

Continuing to bet on a “soft landing” of global activity, as our central scenario (45%) still seems legitimate. Likewise, the risk of recession appears contained (15%).

This last point is all the more true as European data point to a slight improvement, as illustrated by the composite PMI index which reached in September its highest levels in 16 months.

We maintain the course on the macroeconomic synopsis we have defended for several months.

If inflation remains a source of questioning, particularly in the USA, it must be acknowledged that the moderation of the American labor market limits the risk of lasting slippage.

We keep a 20% probability on a stagflationary evolution of the world economy in the medium term.

Indeed, we want to make sure 1) that the trend of fewer US job creations and contained wage pressures is confirmed and 2) that the policy of margin compression, which American companies adopted following the new tariffs, is not called into question, before revising this probability downwards.

short term. Nevertheless, the conditions for a significant correction of markets are not, in our opinion, in place.

In this context, the upcoming start (October 10) of the earnings season in the USA will be an important factor for investors and for the future of the equity rallye.

If expectations (EPS growth of 7.1% Y/Y) remain positive, they are nonetheless the weakest since the first quarter of 2024. An observation that leaves little room for disappointment, given the level of the forward P/E of the S&P 500 index,

at almost 23x.

Moreover, particular attention will be paid to the data provided by the Magnificent 7, in a context where some investors are questioning the recent announcement of the agreement between OpenAI and NVIDIA (financial investment against commitments of physical purchases).

Some fear that this “partnership” foreshadows a dangerous form of circularity, similar to what occurred during the internet bubble.

The introduction of an investment in Japanese equities and the strengthening of exposure to

emerging markets last month give us satisfaction.

In the same way, our energy theme, up more than 8% since its launch in July, offers a good quality performance.

We maintain the course of our equity allocation for the coming weeks.

Our exposure remains reasonable and logical, in view of a risk of (temporary) consolidation of recent gains in the short term.

Our policy of regional diversification is not called into question, both in Europe and in emerging countries or Japan.

In this respect, our scenario of further depreciation of the US currency by mid-2026 seems to reinforce the appeal of emerging equities, especially in Asia.

We could be led to strengthen the emerging bias in our equity exposure in the coming weeks.

In the same way, investments in small and medium-sized European equities could be undertaken, due to our views on the dollar, at least in part.

Last month, we set a target of 1.20-1.22 on the Euro/USD parity at a 6-month horizon. In the wake of the resumption of the monetary easing process in the USA and our views of a more marked decline in rates by spring 2026 (-125 basis points from now on), we envisage a return of the dollar to 1.25 against the Euro by the middle of 2026. In the meantime, the Swiss franc could reach the area of 0.75 against the greenback.

We recommend maintaining good exposure outside the US currency (or limiting USD

positions in accounts whose base currency is European).

Fundamental developments (interest rate differential and economic outlook) underpin our views on the dollar.

In addition, the satisfaction of the US administration to face a weaker currency, the reserve diversification policy by Central Banks and concerns about the independence of the Fed should support the movement.

It should be noted that although it has benefited less than other currencies from the weakness of the dollar since the beginning of the year, the yen could stand out by the end of the first half of 2026.

Our positive view on the yellow metal led us to strengthen its overweighting in our allocation grids in recent weeks.

Despite an increase of more than 45% (in USD) since January 1, gold should benefit from the reduction of its opportunity cost in the medium term, from inflation that is not fully under control in the USA and from distrust towards the USD.

We have revised our target to USD 4,000 an ounce for the next 12 to 15 months.

We recommend letting profits run on the yellow metal, especially as it could benefit from a return of volatility on stock market.

Our position on the bond segment of our allocations has not varied over the past month. Favoring credit while strengthening risk management of a bond portfolio remains our main message.

We are working on the possible introduction of a dedicated investment in emerging debt in the coming weeks.

In conclusion, our allocations benefited from a continuation of the good behavior of assets in September, equities and gold in particular.

Without denying that risks of consolidation on equities exist, we defend the idea that the time for a lasting reversal of the upward trend has not yet come.

However, expensive valuations and the imminent approach of the earnings season do not encourage us to strengthen exposures at current levels.

An exposure of 45-48% in equities in a balanced profile (25%-30% in a conservative account) seems adequate to face the economic and financial conditions we envisage for the next 3 to 6 months.

We maintain an overweighting in liquid alternative assets, gold included, to face the possible rebound of volatility in markets on the one hand, and as a partial substitute for long bond positions, on the other.

At the time of writing, uncertainty over a probable “shutdown” of the US government is complete, given the difficulties in reaching a bipartisan compromise to adopt a financing plan for the State.

Gold once again takes advantage of these developments, which raise, in filigree, the question of the long-term outlook for the dollar.

America is not experiencing this type of event for the first time and past examples have shown that the impact of “shutdowns” is relatively limited both for the economy and for financial markets.

This threat could fuel the consolidation we expect but does not seem of a nature to favor a lasting reversal of the upward trend in equities.

We will therefore observe developments on this front attentively, while being convinced that, whatever the outcome, the yellow metal uptrend has not run its course.

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