



APRICUS FINANCE

WEALTH MANAGEMENT

December 2025

The Big Rotation: Until The Federal Reserve Came To The Rescue

In our last monthly brief, we commented on how the market in October started cleaning up the excesses in specific sectors. That trend continued through most of the month of November, delivering a massive sector and geographical rotation. Concerns about high valuations, and excessive future capital expenditure spending in the AI sector prompted profit-taking, especially after an extended period of strong performance. Investors rotated out of high-flying technology and AI related stocks into more value-oriented ones, such as healthcare, financials and energy. Earlier in the month the move was helped by rather hawkish comments by Federal Reserve members, which pushed December rate-cut odds to close to zero.

US small cap outperformed large cap.

The sector in the US we worry most about, the so-called 'non-profitable' technology and technology-related stocks we talked about last month, lost over 20%, while healthcare gained over 9%, led by a 25% surge in Eli Lilly, which briefly topped the 1-trillion market capitalization mark. Similar sectoral moves were also evident in Europe, along with a wave of profit-taking in the defense sector.

Globally, notable was the catch up in performance from the defensive Swiss market, up 5% on the month, while the Hang Seng technology index lost 5%.

We also observed violent intraday moves on individual stocks, even in large caps, likely fueled by the surge in option trading: total trading volume has surged since September, from already historically elevated levels.

Let's not forget that from the 1st of October to the 12th of November, the federal government of the United States was in shutdown, and, as a result, no official economic figures were available, only from private companies such as ADP or the company Indeed, for the labor market. And that even after the government's reopening, the data published was old, (mostly for September), incomplete and of a quality that was even more questionable than in the past.

That was until a couple of speeches, particularly the one from New York Fed Williams, who notably said: 'I still see room for a further adjustment in the Fed's short-term rate'. Williams gets to vote on every interest rate decision and is close to Powell. Given that the comments were made just ahead of the 'blackout period', the market implied that Williams had the blessing from chairman Powell.

The probabilities of a rate cut in December went to over 90%. Market participants know that when the probabilities are so skewed toward an expectation, that the central bank is quite unlikely to disappoint them.

The market rebounded, led once again by the Mega caps and (again) the non-profitable' technology stocks, which surged 20% from the trough. Gold rose and the dollar fell.

Summing it all up, the MSCI World was essentially flat over the month, with a big dispersion in performances across geographies and sectors.

On its side, gold, after sliding by 11% in October, stabilized in November, and regained the 4,200 level. Looking at intraday volatility, ETF flows and CO-



MEX data, it does appear that most of the buyers are now coming from more traditional investors rather than 'fast money'. These investors appear to have now focused on other precious metals, such as Silver and Platinum, whose volatility continues to stay extremely high: 1-month volatility is steady above 30 percent, while Gold is at (historically still very high) 17 percent.

Can Two 'Western' Ai Ecosystems Profitably Cohabit?

A couple of months ago we dealt with the question of whether too much AI data infrastructure was being built or planned.

In November an announcement from Alphabet, Google's parent company, sent shockwaves through the technology sector: the company essentially announced that its latest Gemini AI model is better, cheaper, less energy-consuming, and that the company is in a better position to monetize it.

The shift has been dramatic, both in magnitude and speed. Just a few weeks ago, OpenAI was sparking huge rallies in any company related to it. It's a change that carries wide-ranging implications, given how central the closely held company has been to the AI mania that has driven the stock market's three-year rally.

The maker of ChatGPT is no longer seen as being on the cutting edge of AI technology and is facing questions about its lack of profitability and the need to grow rapidly to pay for its massive investment commitments of about 1.4 trillion dollars over the next 8 years.

Alphabet's perceived strength goes beyond its Gemini AI model. The company has a lot of cash, over 70 billion dollars of Free Cash Flows per year at its disposal, a host of adjacent businesses such as Google Cloud and YouTube, and its own semiconductor manufacturing operation that's gaining traction. In short, it is a seriously deep-pocketed competitor in the AI trade.

In a couple of weeks investors went from being convinced that there would be one clear winner in AI, OpenAI, with maybe a close number two such as Anthropic, (Claude), to being more uncertain,

and the acceptance that there will likely be more competition.

The difference between being in first, second or third place matters, and it has significant financial ramifications for the companies and their partners. If users do move to Gemini, that would slow ChatGPT's growth, it will then be obviously harder for OpenAI to pay for cloud-computing capacity from Oracle or chips from AMD.

As a result, the shares of companies in OpenAI's orbit, like Oracle, CoreWeave, and Advanced Micro Devices, but also in part Microsoft, Nvidia and SoftBank - which has an 11% stake in the company, have come under selling pressure. As an extreme example, Softbank's stock price, for example, lost 43% in November, before stabilizing.

On the other side, Alphabet's momentum is boosting not only its stock price, but also those it's associated with such as Broadcom, (which builds its TPU chips) or Celestica, who provides the hardware for its AI buildout.

We obviously do not know which model will prevail, and quite frankly it is becoming quite complicated to at least understand (partially) the key features of this technology, the plethora of acronyms, and what the companies involved in both hardware and software exactly do.

And let's not forget about China. It is working on its own ecosystem, via dozens of companies and tens of thousands of engineers, directly or indirectly sponsored by the state. AI is officially one of the top priorities for the Chinese government.

We do not expect that China will ever adopt a Western ecosystem, nor that the West will adopt a Chinese one. But China, if successful, is likely, after adopting domestically one or several of its self-developed systems, to sell its (at least likely cheaper) model or models regionally and beyond. It could thus dampen the expected growth, and thus profitability of Western actors. With all the consequences on their valuations, which are notably already quite high and priced for near perfection.

What we know now is that there is no longer a clear winner, and thus we need to have a balanced approach to that part of the technology sector, and



not 'put all our eggs in one basket'. As for China's AI, we have exposure via several companies in our Asian technologies basket, (the Pandatech).

The Equity Market And The Credit Market Have Different Views On The Massive Technology Spend

Equities have been relatively complacent about the massive AI spending. Credit markets and lenders have taken a decisively more prudent view.

Banks have been concerned about possible overinvestment and overvaluation. They and other lenders have been actively hedging and/or transferring risk.

Banks, amongst other instruments, have turned to the credit derivatives markets to reduce their exposure. Trading of Oracle's credit default swaps ballooned to about \$8 billion between October and November, according to an analysis by Barclays. That's up from around \$350 million in the same period last year. As a result, five-year Credit Default Swaps on Oracle have surged to a 16-year high, moving from 40 basis points in September to 130 at the end of the month. Even Microsoft's CDS moved from 20 basis points to 34 basis points in November, which is considered rather 'expensive' for an AAA-rated company.

Banks are using tools such as credit derivatives and sophisticated bonds to shift the risk of underwriting the AI boom to other investors, as they try to reduce their exposure to potential losses.

The rush has left some lenders over-exposed, so they're using a series of tools, such as the afore-mentioned credit derivatives, sophisticated bonds and some newer financial products, to shift the risk of underwriting the AI boom to other investors.

Recently 'jumbo' bond offerings from technology Mega caps including Oracle, Meta and Alphabet have helped push global bond issuance to more than \$6.46 trillion in 2025. These hyperscalers, along with electric utilities and other firms, are expected to spend at least \$5 trillion over the next 5-8 years as they race to build data centers and

other infrastructure for a technology that's promising to revolutionize the world's economy.

Wall Street is lending massive amounts of money to the biggest players in artificial intelligence and trying to protect itself from any potential bubble. It could take years for these technology investments to pay off, if they pay off at all.

Banks and lenders are not taking any chance and are not waiting. They are hedging themselves for the worst-case scenario.



Strategy

As equities and Gold reached new highs, over the last several weeks we kept reducing the positive market drift back to our strategic neutral position across profiles, and Gold back to our strategic weight of 5%. We are comfortable approaching the last few weeks of the year, which could indeed be volatile, with this positioning, until there is more clarity both on the economy as well as the state of the AI play, which has of course been a dominant market dynamic in 2025. As a reminder, in September, we also coupled our portfolios with partial downside protection on equities.

Equity

We are neutral. We keep an overweight in Eurozone and Asian ex Japan equities versus the US ex. Mega Caps.

Fixed income

We continue to favor exposure to credit versus duration. However, we have increased the quality of our holdings. We have exposure to investment grade credit, European high yield, hybrids, financials' subordinated debt.

Foreign Exchange

The US Dollar and the Japanese YEN exposure is entirely hedged.

Gold

We keep our allocation to Gold.



Positioning

Overall Exposure

We are now Neutral Equities, and Neutral Fixed Income, with a Gold position, JPY and US Dollars hedged.

Equity: Neutral

We have an Overweight to the Eurozone and an Underweight in US equities, Underweight US technology, Overweight Nasdaq 100 equal weight, Overweight S&P 500 equal weight, Neutral UK, Neutral Japan, Overweight Asia ex Japan.

Thematic Equities

European Family Holdings, Asian Technology, European Champions.

Fixed Income: Neutral

Long 1 to 3 years US Treasury Notes. Long 20+ years US Treasuries, Underweight Sovereigns. Overweight Investment Grade EUR and USD Bonds. Overweight High Yield in EUR and Underweight in USD. Long US inflation linker.

Thematic Fixed Income

Long Hybrids, Long Subordinated Financial Credit, Long subordinated European insurance bonds.

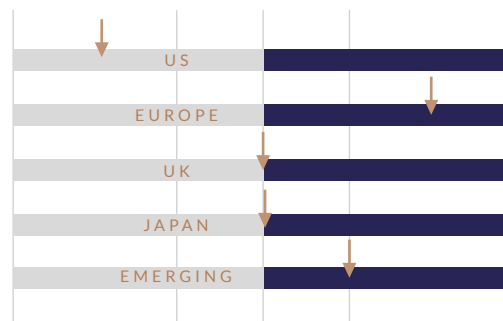
Currencies: Non USD-referenced portfolios are fully hedged against USD and YEN. USD-referenced portfolios are long EUR.

Commodities: Overweight

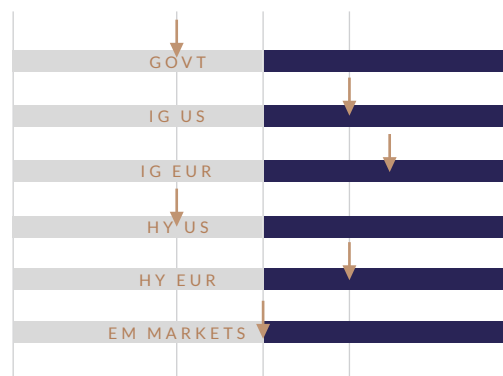
Long Gold.

Conviction thermometer

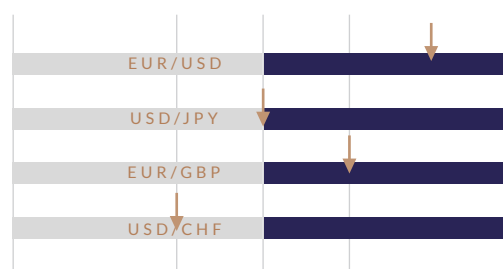
Equities



Bonds



Currencies



Commodities



■ Negative view

■ Positive view



Market overview as of 30th November 2025

Equities (local ccies)	Level	5D	MTD	YTD
MSCI WORLD HEDGED EUR	482,34	3,40%	0,13%	16,27%
US S&P500	6 849,09	3,74%	0,25%	17,79%
MAGNIFICENT 7 (CAP WEIGT.)	207,05	3,95%	-2,13%	22,65%
NASDAQ 100	25 434,89	4,94%	-1,57%	21,84%
EUROPE EURO STOXX 50	5 668,17	2,92%	0,29%	19,45%
GERMANY DAX	23 836,79	3,23%	-0,51%	19,73%
FRANCE CAC40	8 122,71	1,78%	0,05%	13,67%
BELGIUM BEL20	5 036,86	0,82%	2,90%	21,57%
SWISS MARKET INDEX	12 833,96	1,59%	4,90%	14,18%
UK FTSE100	9 720,51	1,95%	0,89%	22,96%
RUSSELL 2000	2 500,43	5,54%	0,96%	13,45%
JAPAN TOPIX	3 378,44	2,45%	1,40%	24,19%
MSCI EMERGING	1 367	2,49%	-2,38%	30,37%
MEXICO MEXBOL	63 596,78	2,96%	1,77%	32,80%
HONG KONG HANG SENG	25 858,89	2,53%	-0,09%	33,27%
CHINA CSI 300	4 526,66	1,65%	-2,38%	18,06%
INDIA SENSEX	85 706,67	0,56%	2,16%	11,15%
KOREA KOSPI	3 926,59	1,94%	-4,34%	66,43%
HANG SENG TECH	5 599,11	3,77%	-5,23%	26,58%
AUSTRALIA ALL-SHARE	5 241,31	2,16%	0,87%	21,29%

US: Sectors	Level	5D	MTD	YTD
COMMUNICATION SVCS	457,25	5,89%	6,35%	34,88%
CONSUMER DISCRETIONARY	1 915,26	5,32%	-2,39%	5,22%
CONSUMER STAPLES	882,17	1,70%	4,03%	5,57%
ENERGY	686,63	0,99%	2,49%	8,46%
FINANCIALS	885,58	3,19%	1,86%	11,55%
HEALTH CARE	1 833,52	1,94%	9,31%	16,18%
INDUSTRIALS	1 298,52	2,72%	-0,85%	17,80%
INFORMATION TECHNOLOGY	5 700,38	4,31%	-4,29%	24,36%
MATERIALS	563,10	3,35%	4,17%	8,13%
REAL ESTATE	262,34	1,87%	1,99%	5,45%
UTILITIES	458,15	2,86%	1,77%	22,30%

EUROPE: Sectors	Level	5D	MTD	YTD
BASIC MATERIALS	2 828,41	2,91%	0,67%	6,35%
CONSUMER GOODS	3 926,08	-0,11%	2,40%	8,01%
CONSUMER SERVICES	1 501,51	2,11%	1,70%	-0,07%
FINANCIALS	1 458,92	3,96%	3,10%	39,97%
HEALTH CARE	3 780,19	1,01%	5,60%	6,62%
INDUSTRIALS	4 916,36	3,03%	-3,11%	20,36%
OIL & GAS	1 673,00	2,22%	2,54%	24,36%
TECHNOLOGY	2 039,97	4,14%	-4,57%	7,01%
TELECOMS	658,89	1,45%	-1,65%	11,64%
UTILITIES	2 598,80	1,11%	2,58%	36,22%



Market overview as of 30th November 2025

Fixed Income	Level	5D	MTD	YTD
Pan-Euro 3-5 yrs IG	2 442,94	0,28%	0,62%	6,67%
Euro Aggregate	-	0,00%	0,00%	0,00%
Pan-Euro HY Hedged Eur	-	0,00%	0,00%	0,00%
Global Inflation hedged EUR	-	0,00%	0,00%	0,00%
US Corp High Yield	4 239,43	4,29%	5,91%	61,53%
EM USD Aggregate TR	518,55	3,40%	1,90%	28,78%
EM Aggregate TR Local Ccy	58,55	0,84%	-3,98%	18,36%
EUR Banks CoCo Tier 1	63,20	1,02%	-2,87%	15,33%
EU GOVT HEDGED EUR	-	0,00%	0,00%	0,00%
Global Aggregate Hedged EUR	-	0,00%	0,00%	0,00%
Commodities	Level	5D	MTD	YTD
GOLD	156,18	4,29%	5,91%	61,53%
COPPER	0,80	3,40%	1,90%	28,78%
OIL WTI	0,66	0,84%	-3,98%	18,36%
OIL BRENT	0,93	1,02%	-2,87%	15,33%
Currencies	Rate	5D	MTD	YTD
EURUSD	1,1598	0,74%	0,53%	12,01%
GBPUSD	1,3235	1,04%	0,63%	5,74%
USDJPY	156,1800	-0,15%	1,42%	-0,65%
USDCHF	0,8040	-0,53%	-0,07%	-11,40%
AUDUSD	0,6550	1,47%	0,08%	5,85%
EURCHF	0,9322	0,14%	0,42%	-0,84%
USDCNY	7,0745	-0,43%	-0,63%	-3,08%
USDKRW	1 471,95	1,64%	2,61%	#VALEUR!
USDBRL	6,1774	1,76%	3,45%	7,55%
USDTRY	42,4900	0,12%	1,02%	20,18%
BITCOIN	90 914,64	6,80%	-16,92%	-2,99%



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