



APRICUS FINANCE

WEALTH MANAGEMENT

November 2025

The Market Has Started To Clean Up The Excesses

In our last comment we highlighted the risk of a correction in some parts of the markets that had been particularly 'euphoric'. We didn't expect it to happen so soon after our publication.

Global equities reached all-time highs in October, led by strong momentum in the AI sector in the US, expectations of Fed easing, and positive sentiment around fiscal expansion in Germany. However, towards the end of the month, a resurgence of the US-China trade spat, concerns over credit events in the US, the continuing US government shut-down, a 'hawkish' cut by the US Federal Reserve and China-Japan political tensions have created volatility in risk assets.

Profit taking on recent excesses were evident in precious metals - with Gold losing 10% in just a week, in cryptos, and in the technology space, especially on stocks that had been the side beneficiaries of the AI Mega caps' huge investment spending plans, (what we last month called speculative non-profitable tech, or, for example, companies involved in nuclear energy, server racks, or server cabling).

Much awaited Nvidia numbers, the company front and center of AI, have just been published and remain extremely strong. They helped soothe some fears about an AI market bubble, with the theme attracting some buying again. However, questions will continue to linger whether the company has already reached a 'high water mark' in terms of growth and market share.

From our observation deck, part of the recent selling has likely been due to portfolio 'realignment' ahead of the year-end. We, similarly, over the past two months, twice cut equities and gold back to our neutral allocation. We also added some protection on the equity market.



The End Of The Longest Shutdown In History: 43 Days

While the US government shutdown has officially ended, the deal only extends funding through January 30th. Democrats tried unsuccessfully to force Republicans to extend Obamacare tax credits during a weeks-long government shutdown, but were only able to secure a pledge from the Senate majority leader to discuss it after the government's reopening.

Some 24 million people on Affordable Care Act insurance face health care premiums soaring an average of 114% in January 2026. Millions more are expected to lose Medicaid when the cuts in Trump's "big beautiful bill" kick in just after the midterm elections in 2026.

With concerns about affordability front and center among the electorate, Democrats are seizing on the issue. Republicans now face the challenging prospect of either bucking the president and extending subsidies or finding another solution to the issue of health-care costs, an issue that has long vexed lawmakers.

The end of the shutdown offers some hope that services crucial to air travel would have some time to recover, with the critical Thanksgiving holiday travel wave just one week away.

Restoration of food aid to millions of families - over 41 million of adults are enrolled - may also make room in household budgets for spending as the Christmas shopping season moves into high gear.

It also means the restoration in coming days of the flow of data on the US economy from key statistical agencies, the pace of it is, however, unknown. The absence of data has left investors and Federal Reserve policymakers largely in the dark about the health of the job market, the trajectory of inflation and the pace of consumer spending and economic growth overall, except for a few private and regional Federal Reserve data.

Some data gaps are likely to be permanent, however, with the White House saying that employment and Consumer Price Index reports, covering the month of October, might never be released.

According to many economists' estimates, the shutdown has shaved more than a tenth of a percentage point from the economy for every week of the outage.

Most of that lost output is, however, expected to be recouped over the next couple of months in 'catch-up' spending.



AI: A Bubble? And What About Obsolescence?

During the summer we dealt with the question of whether too much AI data infrastructure was being built or planned. On that front, Meta's CEO Zuckerberg's answer didn't reassure the markets entirely, it increased bubble fears in the AI space, and the stock plunged.

To the question: how much computing power is actually required? How many data centers must Meta build? Zuckerberg acknowledged that he may ultimately overspend.

'It's of course possible to overshoot,' he added. Saying that if Meta builds too many data centers, or acquires too many expensive computing chips, the company will find ways to use them internally, or pawn them off to somebody else.

Meta however distinguishes itself from the other hyperscalers though: unlike Amazon, Microsoft and Google, Meta doesn't have a cloud service and lacks a clear revenue story that's tied to its AI investments.

Depreciation has been the talk of the AI industry of late, as investors try to determine the useful life of key pieces of equipment.

How long will these data centers and their chips be usable or, to put it another way, what is their rate of decay?

Microsoft, Amazon, Alphabet and Meta Platforms, when taken together, represent more than 40% of Nvidia's sales. They are projected to increase their combined AI spending by 34% over the next 12 months, to \$440 billion.

The risk is that these numbers could become unreliable if the big AI spenders, in private company OpenAI, have to pull back on their commitments, as Nvidia's CEO just acknowledged.

In accounting, depreciation is the act of allocating the cost of a hard asset over the course of its expected useful life. It's an increasingly important concept in the tech industry, as companies predict how long the hundreds of thousands of Nvidia graphics processing units, or GPUs, that they're purchasing, will remain useful or retain their value.

Infrastructure giants like Google, Oracle and Microsoft have said that their servers could be useful for up to six years. But they could also depreciate much sooner. Microsoft said in its latest annual filing that its computer equipment lasts two to six years.

That's a lot to consider for the investors and lenders financing the giant AI buildouts, because the longer equipment remains valuable, the more years a company can stretch out depreciation and the less it hurts profits.

There's no real track record for how long GPUs last when compared with other types of heavy equipment that businesses have been using for decades.

There are several ways AI chips could depreciate within six years. They could wear out and break, or they could become obsolete as newer GPUs are released. They could still be useful for running certain workloads, but with much worse economics.

Some of Nvidia's customers say AI chips will retain value for a long time and that customers will continue to pay for access to older processors because they'll still be useful for other tasks. CoreWeave, which buys GPUs and rents them out to clients, has used six-year depreciation cycles for its infrastructure since 2023.

Some analysts peg the actual useful life of server equipment at around two to three years, and say companies are inflating their earnings as a result.

Nvidia CEO Jensen Huang has recently implied as much. When Nvidia announced a new Blackwell chip earlier this year, he joked that the value of its predecessor, the Hopper, would deteriorate. He said: "When Blackwell starts shipping in volume, you couldn't give Hoppers away". "There are circumstances where Hopper is fine," he continued. "but not many."

Nvidia now releases new AI chips on an annual basis, versus the two-year cadence it had before. AMD, its closest competitor, is doing the same.

In short: we do not know.

Could we find ourselves in the same position as with the CPUs from Intel in our home PCs in the early nineties, when essentially every 1 or 2 years we were forced to purchase the new 'Pentium' because the older one was obsolete? Maybe.



The K-Shaped Economy: Consumers And Businesses

We have commented months ago about the economy becoming increasingly “K-shaped” as wealthier Americans spend more, helped by the soaring stock market and property prices, while lower-income ones are paring back.

Lower-income consumers have been hit hardest by rising inflation and escalating prices on essentials, with September’s consumer price index report indicating a 0.3% increase on the month, putting the annual inflation rate at 3%.

The Census Bureau estimated there were 35.9 million people living in poverty in 2024. The most recent available data has the weighted average poverty threshold for a family of four coming in at \$32,130.

On the earnings front, the top 10% of households saw their income increase by 4.2% between 2023 and 2024, but income was essentially unchanged for the bottom 10% of households, the Bureau said in September.

It is no wonder that affordability has become the main political talking point, and no wonder that, after a few meaningful losses in political elections - Virginia, New Jersey & New York, that Trump made a big U-turn on tariffs. In fact, he acknowledged, indirectly, that tariffs had increased prices to consumers on several items, such as coffee, bananas, avocados and beef.

Now, let’s talk about beef and burger patties for the last time:

Over the past year, the U.S. has imposed steep duties on major suppliers, including Brazil, Australia, New Zealand and Uruguay. Brazil, the world’s second-largest beef producer, has faced effective tariff rates close to 75%, driving down imports into the US just as the number of cattle in the country hit a near 75 years low.

Ranchers have struggled to rebuild herds amid drought, higher feed costs and tariffs on fertilizers, steel and aluminum, that have made equipment and repairs more expensive.

The supply squeeze has fueled a spike in prices at the grocery store: uncooked beef products rose 12% to 18% year on year in September. That is, however, the average for beef: a viral picture on social media shows the price tag of USDA prime choice beef filet in a supermarket in Manhattan having risen by 36% in one year: up from 10.99 USD a pound to 14.99.

Quarterly earnings’ reports from consumer companies are also increasingly showing how consumers are diverging in their spending.

Recent earnings’ reports from companies touching all corners of the economy have indicated the K-shaped trend is beginning to take hold. This week, companies like Yum Brands, McDonald’s, ELF Beauty, (a cosmetic company), Tapestry, (Coach owner) and Under Armour are reporting similar trends.

Last week, Chipotle Mexican Grill, the restaurant company, reported it is seeing consumers who make less than 100,000 USD a year - which represents roughly 40% of the company’s customer base, spending less frequently, due to concerns about the economy and inflation. The company cited a 0.8% decline in traffic, (restaurant visits) for the quarter.

Coca-Cola and Procter & Gamble had similar messages. McDonald’s said that the chain’s expansion of its value menu was due to a “two-tier economy.”

The trend isn’t limited to just food and beverages, either.

In the auto world, consumers who can afford to buy new vehicles are on a spree, while those who are more price constrained are sitting it out. Defaults and repossessions are on the rise, with delinquent loans at levels last seen during the Great Financial Crisis of 2008-2009. Meanwhile, the average price for a new vehicle is setting records.

From our observation deck, it increasingly looks like soon the middle class will be impacted by the cost of living as well, thus becoming more of an issue for the economy as a whole.

Regarding the above, in the absence of official data, and watching private employment data, (such as from Challenger or Indeed), we derive two conclusions:



- The economy is weakening, will avoid recession, however, is likely to grow sub trend (below 2%).
- The job market is weakening; however, the official rate is likely to increase only gradually in a no-hire, no-fire economy. Rising unemployment among young workers (aged 22-27), currently at 7.4%, is certainly consistent with the start of a recession for them - or at least it feels like this for them!

We believe that:

- The Federal Reserve will continue to ease towards the terminal rate of 3%.
- Trump, in view of the political losses and his personal ratings both on the economy and his policies, the gradual loss of unconditional support within his own GOP party, and the fast approaching 2026 midterm elections, could take radical action, so far not discounted by the bond market: possibly imposing another package of tax cuts.



Strategy

As equities and gold reached new highs over the last few weeks, we continued to reduce 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 as we await more clarity, both on the economy as well as the state of the AI play, which has, of course, been a dominant market dynamic throughout 2025. As a reminder, in September, we also coupled our portfolios with a 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.

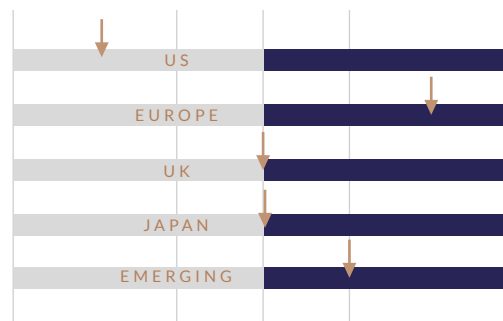
Currencies: Non USD-referenced portfolios are fully hedged against USD and YEN. USD-referenced portfolios are long EUR.

Commodities: Overweight

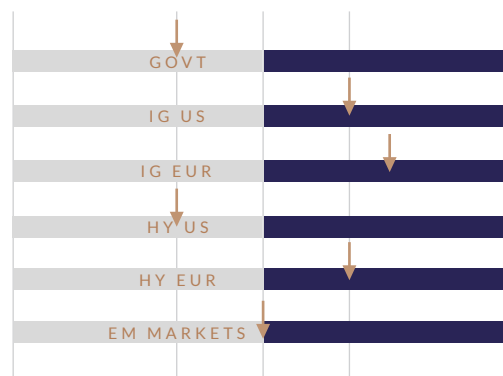
Long Gold.

Conviction thermometer

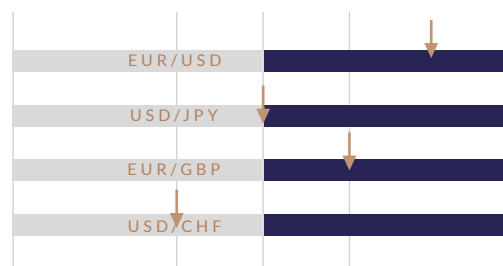
Equities



Bonds



Currencies



Commodities



■ Negative view

■ Positive view



Market overview as of 31st October 2025

EQUITIES (local ccies)	Level	5D	MTD	YTD	2024
MSCI WORLD HEDGED EUR	481.73	0.61%	2.46%	16.12%	19.89%
GERMANY DAX	23'958.30	-1.16%	0.32%	20.34%	18.85%
FRANCE CAC40	8'121.07	-1.27%	3.01%	13.61%	0.92%
UK FTSE100	9'717.25	0.75%	4.09%	22.49%	9.59%
BELGIUM BEL20	4'902.37	-1.84%	1.72%	18.15%	18.46%
SWISS MARKET INDEX	12'234.50	-2.65%	1.03%	8.85%	7.54%
EUROPE EURO STOXX 50	5'662.04	-0.13%	2.54%	19.10%	11.90%
US S&P500	6'840.20	0.72%	2.34%	17.50%	25.00%
MAGNIFICENT 7 (CAP WEIGT.)	211.67	3.73%	5.60%	25.32%	47.98%
NASDAQ 100	25'858.13	1.98%	4.81%	23.78%	25.88%
RUSSELL 2000	2'479.38	-1.35%	1.81%	12.38%	11.52%
JAPAN TOPIX	3'331.83	1.91%	6.19%	22.46%	20.43%
MSCI EMERGING	1'402	0.89%	4.19%	33.56%	8.01%
BRAZIL IBOVESPA	149'540.43	2.30%	2.26%	24.32%	-10.36%
HONG KONG HANG SENG	25'906.65	-0.94%	-3.47%	33.39%	22.90%
MEXICO MEXBOL	62'769.18	2.66%	-0.08%	30.48%	-1.03%
CHINA CSI 300	4'640.67	-0.41%	0.19%	20.94%	18.24%
INDIA SENSEX	83'938.71	-0.24%	4.69%	8.79%	9.57%
KOREA KOSPI	4'107.50	4.21%	19.94%	73.97%	-8.00%
HANG SENG TECH	5'908.08	-2.50%	-8.60%	33.56%	19.90%
AUSTRALIA ALL-SHARE	5'240.21	0.48%	3.71%	20.84%	9.41%
US: Sectors	Level	5D	MTD	YTD	2024
COMMUNICATION SVCS	429.97	0.57%	1.86%	26.82%	40.23%
CONSUMER DISCRETIONARY	1'963.14	2.77%	2.37%	7.80%	30.14%
CONSUMER STAPLES	848.70	-3.68%	-2.32%	1.48%	14.87%
ENERGY	674.74	0.01%	-1.13%	5.83%	5.72%
FINANCIALS	870.44	-1.46%	-2.84%	9.51%	30.50%
HEALTH CARE	1'680.03	-1.28%	3.58%	6.29%	2.58%
INDUSTRIALS	1'311.71	0.09%	0.47%	18.81%	17.30%
INFORMATION TECHNOLOGY	5'960.13	2.99%	6.23%	29.93%	36.61%
MATERIALS	541.60	-3.72%	-5.04%	3.80%	-0.04%
REAL ESTATE	257.60	-3.89%	-2.63%	3.40%	5.23%
UTILITIES	452.13	-2.53%	2.10%	20.17%	23.43%
EUROPE: Sectors	Level	5D	MTD	YTD	2024
BASIC MATERIALS	2'810.35	-0.94%	1.86%	5.64%	-6.15%
CONSUMER GOODS	3'843.61	-2.51%	2.98%	5.47%	-0.68%
CONSUMER SERVICES	1'476.82	-1.87%	3.12%	-1.74%	4.67%
FINANCIALS	1'421.44	1.54%	0.65%	35.77%	27.89%
HEALTH CARE	3'581.61	-2.21%	4.27%	0.97%	5.69%
INDUSTRIALS	5'074.74	-1.07%	1.42%	24.22%	15.32%
OIL & GAS	1'641.99	0.80%	6.51%	21.28%	-2.77%
TECHNOLOGY	2'137.60	-0.13%	3.43%	12.13%	13.90%
TELECOMS	670.98	-1.94%	2.18%	13.51%	21.96%
UTILITIES	2'539.78	1.49%	7.75%	32.80%	2.35%
FIXED INCOME	Level	5D	MTD	YTD	2024
Pan-Euro 3-5 yrs IG	219.15	0.03%	0.60%	2.90%	3.60%
Euro Aggregate	248.21	0.12%	0.81%	1.83%	2.63%
Pan-Euro HY Hedged Eur	474.96	0.27%	0.11%	4.73%	8.38%
Global Inflation hedged EUR	240.53	-0.18%	1.08%	3.22%	-2.01%
US Corp High Yield	2'881.38	-0.08%	0.16%	7.39%	8.19%
EM USD Aggregate TR	1'377.57	0.59%	1.72%	10.37%	6.58%
EM Aggregate TR Local Ccy	160.43	0.15%	0.31%	7.83%	1.68%
EUR Banks CoCo Tier 1	173.30	0.25%	0.48%	8.36%	11.22%
EU GOVT HEDGED EUR	217.02	0.15%	1.22%	1.60%	0.55%
U.S. Treasury	2'427.94	-0.48%	0.62%	6.01%	0.58%



Market overview as of 31st October 2025

COMMODITIES	Level	5D	MTD	YTD	2024
GOLD	4'002.92	-2.68%	3.73%	52.52%	13.10%
COPPER	508.90	-0.65%	4.79%	26.39%	2.10%
OIL WTI	60.98	-0.85%	-2.23%	14.97%	-10.73%
OIL BRENT	65.07	-1.32%	-2.91%	12.82%	-10.32%

CURRENCIES	Rate	5D	MTD	YTD	2024
EURUSD	1.1537	-0.77%	-1.68%	11.43%	3.12%
GBPUSD	1.3152	-1.19%	-2.19%	5.08%	5.36%
USDJPY	153.99	0.74%	4.12%	2.04%	7.57%
USDCHF	0.8046	1.12%	1.03%	-1.33%	-8.99%
AUDUSD	0.6545	0.49%	-1.03%	5.77%	-0.01%
EURCHF	0.9283	0.34%	-0.66%	-1.25%	-6.13%
USDCNY	7.1194	-0.04%	-0.04%	2.46%	2.92%
USDKRW	1'471.95	1.64%	1.87%	N.A.	1.79%
USDINR	88.7725	1.05%	-0.02%	3.70%	0.57%
USDIDR	16'630	0.21%	-0.21%	3.28%	-1.10%
USDBRL	6.1774	1.76%	3.45%	27.18%	-8.01%
USDTRY	42.0620	0.28%	1.11%	18.97%	57.82%
BITCOIN	109'428	-1.34%	-4.55%	16.77%	152.94%



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