

2025 / 04

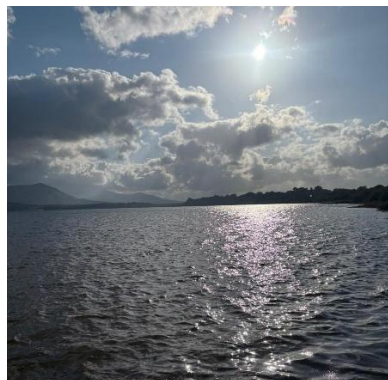
## ***Seasonal Reflections***

***Winter Is Coming***

**Dear readers,**

I hope you had a wonderful summer and are enjoying an equally lovely autumn.

For me, the highlight of the summer was a family holiday in Ireland, during which I also celebrated my 60th birthday. I readily admit that I didn't really feel like celebrating on this occasion, which is why I opted for a small gathering.



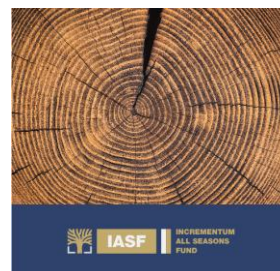
Lough Léin, Killarney, Ireland, 10AUG25,  
HGS Photo

This was not only due to my recollection of how I perceived 60-year-olds during my youth, namely really old, i.e. pensioners, grandfathers and often harassed by physical ailments. It was also due to a certain melancholy that reminded me that the optimism of youth and the certainties of family life are giving way to an increasingly changing perspective.

Musically, this was aptly reflected in John Mayer's "[I Guess I Just Feel Like](#)". For those of you who can relate to this mood, I have linked the song here.

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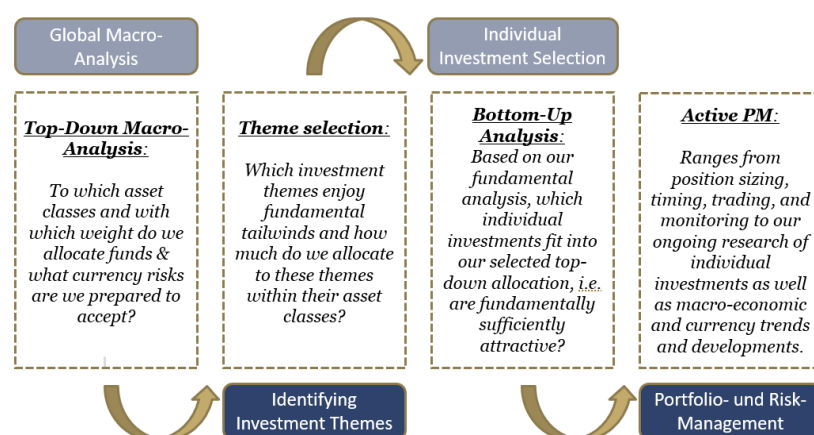


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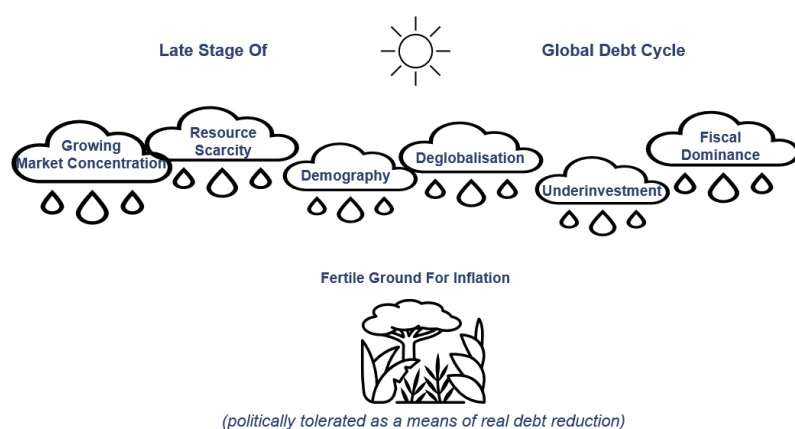
## Macro thoughts

When considering what to write about in this issue, I decided to take my cue from our updated fund presentation, which we gave a workover during the past few months to hopefully make it even more informative. In line with our investment process, I would therefore like to begin with my macro thoughts.

### How We Invest



### Global Macro-Analysis – Big Picture

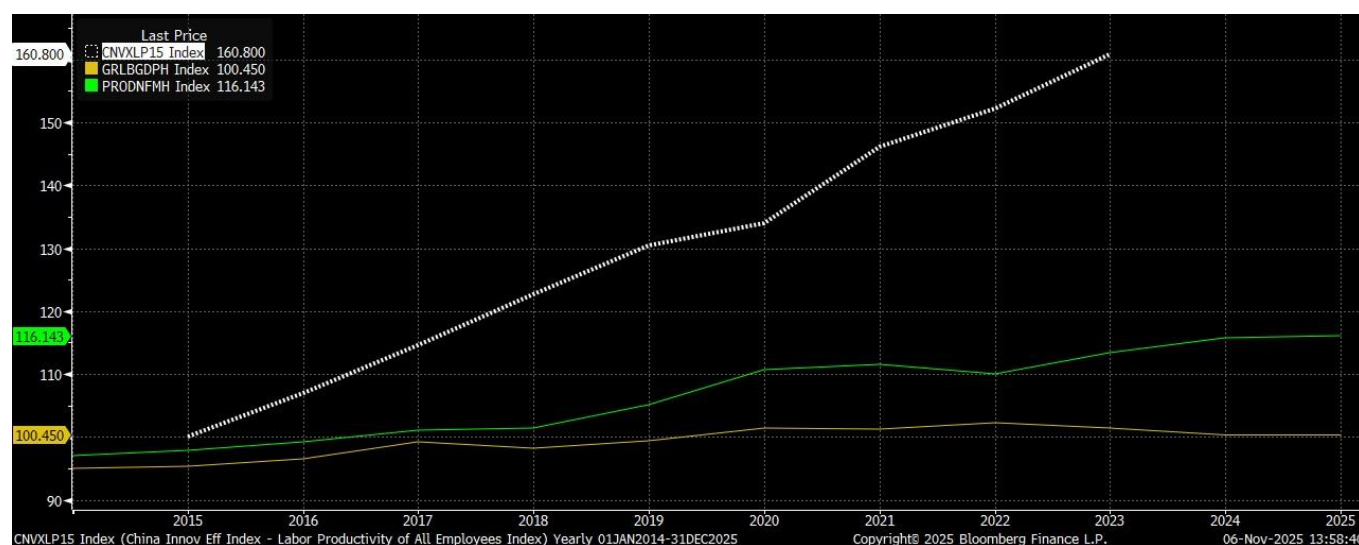


These are shaped by a number of long-term macro-economic and social trends that are leading to profound changes, which are presenting our world and society with major challenges, which we have summarised here and in the overview:

One example is the changing **demographic situation**, which is characterised by a rapidly ageing population in OECD countries, but also in economic giants such as China.



Stagnating or even declining population numbers not only effectively slow down growth (after all,  $\text{GDP growth} = \text{population growth} \times \text{productivity growth}$ ), but also call into question the sustainability of pay-as-you-go pension and social security systems. Furthermore, such demographic developments are also accompanied by reduced consumer spending, declining innovation and international competitiveness. With regard to productivity trends in different countries, the chart below speaks volumes, and it remains to be seen whether a growing use of AI will bring improvements for those lagging behind.



All this would demand a state that is willing and ready to respond to these developments with adequate and progressive structural changes. Instead, almost everywhere in the world we are seeing increased and **rising government spending**, accompanied by growing interference in the (not merely entrepreneurial) freedom of the private sector (keywords: dirigisme and regulation/bureaucracy), with growth largely financed by debt. The growing influence of the state is also reflected in an increasingly tense geopolitical situation in which, after decades of free trade and international cooperation, the focus is increasingly directed on trade restrictions and confrontation, including military armament and even hot conflicts.

This has also resulted in the **reversal of the former wave of globalisation**, which had brought the world a long period of low inflation. The Covid years in particular showed the heightened dependencies on global supply chains, and the rapid rise of China's industrial competitiveness on almost all fronts has further reinforced this trend. At the same time, growing **market concentration** can be observed, particularly in Western industrialised nations, including in the all-important financial sector and especially among large technology companies.





At the same time, the boom in financial and real estate markets associated with lax monetary and expansionary fiscal policy has created an asset bubble and supported economic growth with its wealth effects, even if this has come at the price of increasing wealth disparities.

The illusion of growing prosperity created by the expanding asset and increasingly speculative bubble has also led to necessary investments in infrastructure and development/education being neglected, particularly in the USA, but also in Europe, a trend that many countries are now seeking to counter with externally financed investment programmes. In an international market-based system, maintaining competitiveness is not a sure-fire success, but requires constant investment in **improving one's capital stock** and related to this, in the level of education of society and, building on this, in research and development. Much of this has been neglected in recent years, resulting in increasingly desperate-looking short-term investment and subsidy programmes.

Added to this is an obvious and growing **scarcity of resources**, which is reflected in particular in China's global investments in raw materials exploration and projects, but also in recent efforts by the USA to become independent of its Far Eastern competitor as far as the procurement of rare earths is concerned. We are seeing **underinvestment** in this whole commodity and resource area, particularly in the energy sector, but also in other raw materials, as the prices currently set by the market do not allow for sufficient replacement investments to be made economically.

In our view, all of this has a dampening effect on growth and fuels inflation, which, given the chronic level of government debt, makes a period of higher inflation appear to be the only viable solution. The massive mountains of debt in the US, Europe and Japan make monetary policy normalisation increasingly unrealistic. Instead, and with the help of financial repression, expansionary fiscal policy and negative real interest rates we expect to see reflation in the future. In the associated devaluation race, real assets such as precious metals, commodities and value stocks will be particularly sought after, which is also reflected in our IASF allocation. At the same time, a growing supply of government bonds, c.p., is leading to a crowding-out effect, i.e. if the funds for purchasing growing government bond issues have to be raised in the private sector, then correspondingly fewer funds are available for other investments.

In order to avoid this effect and the associated downward pressure on share and property prices, central banks will probably have to resume bond purchases soon. The US Federal Reserve already took a step in this direction at its last meeting when it decided to abandon net sales of government bonds and the associated balance sheet reduction, also known as quantitative tightening (QT), and to resume purchasing government bonds in volumes that neutralise the ongoing sales of mortgage bonds.



From here, it is only a small step to return to quantitative easing (QE) on a net basis, i.e. renewed net purchases of (government) bonds with the aim of keeping interest rates in check for both the government and the private sector. Such a move would likely be accompanied by rising interest rates at the long end of the yield curve, and we expect this to ultimately lead to a further escalation of monetary interventionism to achieve full yield curve control.

## A look at the Middle Kingdom

As I regularly report on the situation in the US on these pages, I would like to take this opportunity, inspired by my recent trip to Asia, to focus on another important macro topic, namely the (economic and political) rise of China.

China's status as the world's workshop is evident not only in its impressive export figures.

However, what many Western observers often fail to recognise is that China's export strength is not simply due to state-sponsored or subsidised production capacities, but is the result of intense competition. This competition has resulted in high-quality products whose manufacturing and technology standards by now in many cases even match or exceed those of established competitors from Europe, the US or Japan.

In addition, the sharp rise in productivity (see chart on page 3) has also meant that China can manufacture and sell products that are not only similarly good or even better, but also cheaper.

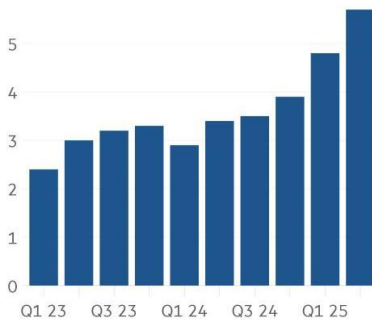


The world's largest exporters, [Visual Capitalist](#), 13OCT25



## Chinese car brands' market share in Europe reaches record in Q2

Share of all fuel vehicles (%)



Source: Schmidt Automotive Research

Financial Times, 11SEP2025

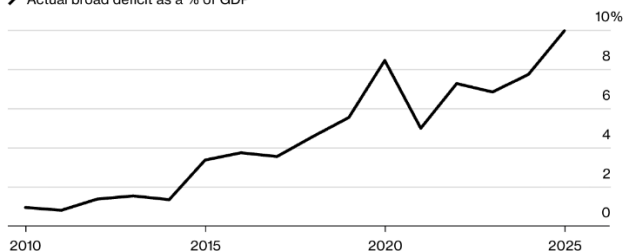
This development was brought home to me, in a rather concrete fashion, during my recent Asia trip. It afforded me the opportunity of a ride on the high-speed train from Hong Kong to Shenzhen, which surpassed everything I know in Europe in terms of travel comfort and speed (not to mention punctuality).

Another example was a ride in a friend's new BYD Denza D9, a vehicle that absolutely impressed me in terms of handling, equipment and comfort. When I then learned that it was more than a third cheaper than a comparable vehicle from a German or Japanese luxury car manufacturer, I inevitably asked myself how the German automotive industry intends to and can respond to such a formidable competitor.

## China Ramps Up Fiscal Stimulus as Tariffs Hit

Broad deficit planned for 2025 climbs to record high

Actual broad deficit as a % of GDP



Source: Bloomberg calculations based on China's budget report, ANZ Bank  
Note: Broad deficit refers to the gap between the combined actual revenue and spending under the general public budget and the government-managed fund budget.

Bloomberg, 28OCT25

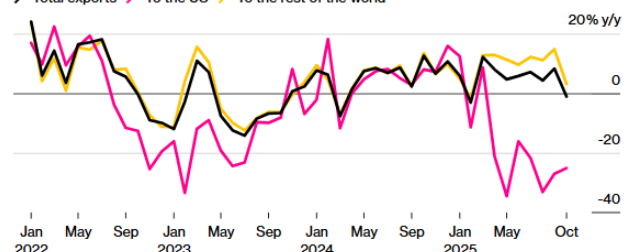
At the same time, the increasingly protectionist stance of the West, and particularly the US, appears to be having an impact. Chinese exports fell by 1.1% year-on-year in October, mainly due to a 25% slump in exports to the US. We see this as a result of volatile US tariff policy and related inventory decisions and expect a recovery in the medium term.

Long-term observers of [Chinese economic development](#), such as [Louis-Vincent Gave](#), CEO of the investment boutique GaveKal, have repeatedly highlighted and documented the intensified competition, e.g. among Chinese EV manufacturers. The excess capacity built up in the process is currently being reduced again amid political pressure, which the Chinese government is seeking to cushion with a fiscal stimulus package amounting to approximately 10% of GDP.

## Slump in US Demand Drags Down Chinese Exports

Slowing growth from rest of the world can't compensate for US drop

Total exports To the US To the rest of the world



Source: China's General Administration of Customs

China's exports: total, USA, others; Bloomberg, 7NOV25





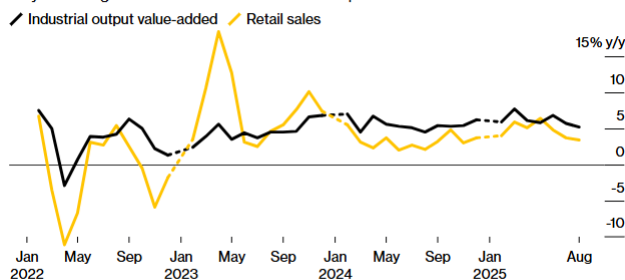
# Incrementum All Seasons Fund

- in pursuit of real returns -

At this point in time (early November), with domestic consumption remaining weak and the property market undergoing a prolonged correction, it is not surprising that China's economic activity has slowed significantly. This is also due to reduced investment activity associated with the above-mentioned politically mandated industrial capacity consolidation, and further stimulus measures are expected.

## China's Economic Activity Slowed Markedly in August

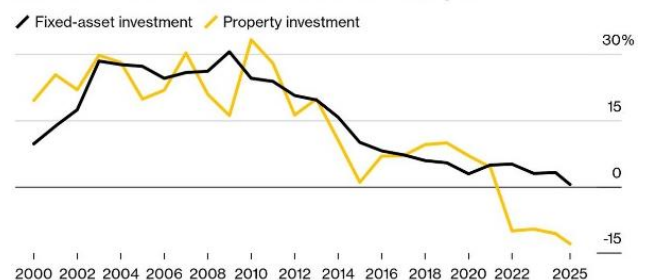
July and August results both worse than expected



Source: China's National Bureau of Statistics  
Note: Data for Jan. and Feb. is combined by source

## Chinese Investment Heads for One of Worst Years on Record

Fixed-asset investment slowdown accelerated in August

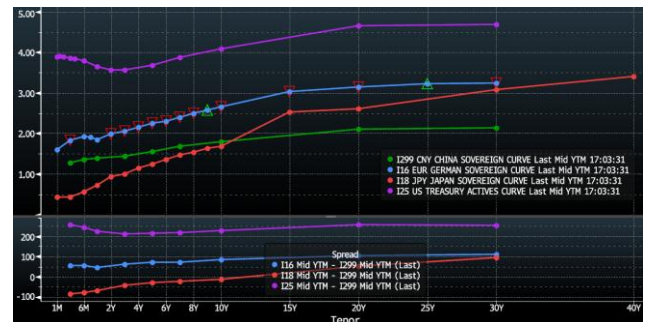


Source: China's National Bureau of Statistics  
Note: 2025 shows result through August, other years are for full year

Bloomberg

Bloomberg, 15SEP25

Fundamentally, China benefits from the fact that its financing costs are remarkably low. If one follows the narrative in most Western media, which has been predicting the bankruptcy of the Chinese state for years, then a look at the Chinese yield curve displayed in red in the chart on the left may come as quite a bit of a surprise.



US, DE, JP, CN yield curve, Bloomberg, 6NOV25

While the short end of the yield curve is influenced by the respective central bank policy, with a range from around 0.5% in Japan to 1.25% in China, 1.75% in Germany and currently still 3.75% in the US, the long end is influenced by long-term investor/inflation expectations. Here, 30-year interest rates for China are just over 2%, which is significantly lower than those for Japan (approx. 3%), Germany (approx. 3.25%) and the US (approx. 4.7%).

How is it possible that China can finance itself at such attractive interest rates, especially considering that assets from the Middle Kingdom tend to be frowned upon internationally?





Of course, this also has to do with the strict capital controls that force China's very high savings into domestic investments. However, another aspect that we believe is underestimated is the fact that although China's debt is also high, it has mainly been used for investments in infrastructure and the country's "substance" (including education), which generate long-term returns. In Europe and the US, meanwhile, government debt is growing primarily to finance social benefits and, more recently, energy subsidies and defence spending, which offer no economic return in the long term.

Some observers see recent developments in China as a potential source of global deflation, as it is expected that China will dump its industrial products, which have become less competitive due to the introduction of tariffs, on the world market at dumping prices. We do not see this risk, as the country has indeed greatly gained in production efficiency and thus competitiveness, but is also ageing rapidly demographically, and as mentioned above, is centrally planned and therefore likely to set sufficient incentives to reduce any surplus capacity that has arisen. The fact that the Chinese government by now is also able to assert its increased political influence is demonstrated, among other things, by the recent tariff negotiations with the US, which made it clear what leverage China can bring to bear.

I am aware that this requires a great deal of confidence in the efficiency of Chinese central planning. I am certainly not one of those who consider a centrally planned economy to be superior to a truly free market economy, but I cannot ignore the fact that not only China, but also countries such as Singapore and Vietnam, have undergone incredible development over the past 30 years with their centralised economic planning, which I would never have thought possible when I first came to Hong Kong/China in 1995.

Overall, we therefore view China's influence on global inflation and growth as relatively neutral in the short term. However, we do not consider the risk/reward ratio for equity investments in China to be attractive enough to set a new investment theme or focus here.







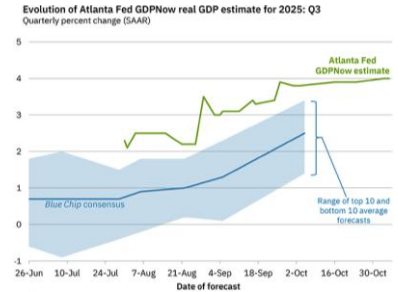
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## What's happening in the rest of the world

The picture for the rest of the world is quite different overall. Let's start with a closer look at the mighty US economy which also dominates global financial markets.

According to the Atlanta Fed's GDPNow estimates, the US continues to show surprisingly solid growth. And even if professional forecasters seem less optimistic here, the trend has recently been clearly upwards.



[Atlanta Fed GDPNow](#) estimate, 3Q25

% share of total household net worth



Source: Fred

Unhedged, [Financial Times](#), 12NOV25

However, increasingly reference is made to the so-called K-shaped economy. Here, a small proportion of private households benefit from the wealth effect of rising share prices (10% of households own 87% of shares) and property prices (the top 10% of households own around two-thirds of total assets), while half of households hold only around 3% of wealth and therefore suffer particularly from a stagnating labour market and continuously shrinking purchasing power. This highly uneven distribution of income and wealth appears increasingly problematic from a social and political perspective and makes the economy vulnerable to a correction in the financial and real estate markets.

Various indicators already point to a cooling of the labour market and growing stress among lower income groups, which leads us to maintain our outlook of a growth slowdown.

**Chart 3: The US job market has barely grown in the past 3 months**

US payrolls m/m change (3mma): BLS vs ADP data



Source: BofA Global Investment Strategy, Bloomberg

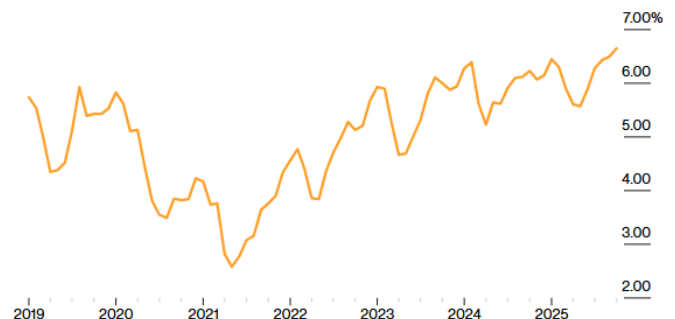
BofA GLOBAL RESEARCH

[MacroTourist Private Feed Recap](#), 11NOV25

**Americans Behind on Car Payments Hit Record**

Subprime borrowers late on auto loans reach highest since 1994

Delinquent subprime auto loans



Source: Fitch Auto ABS Indices

[Bloomberg News](#), 12NOV25



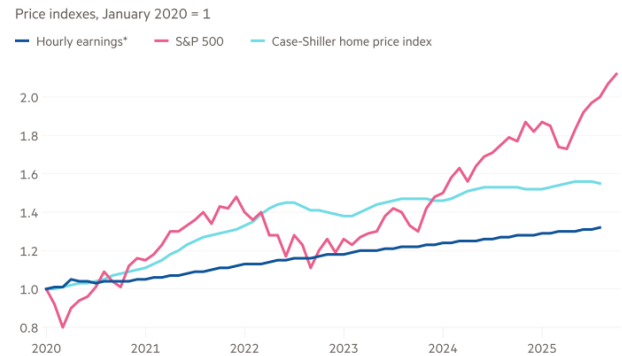


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It is also evident that the segment of the population representing the upper (and shorter) arm of the "K" is enjoying the fruits of the wealth effect, once propagated by Fed Chairman Ben Bernanke. This can be deduced from the chart below, which compares the development of wages and salaries with that of the S&P 500 and the Case-Shiller real estate price index. And even in terms of wages, the average CEO vs. worker salary difference has risen from 20:1 in 1950 to 285:1 today.

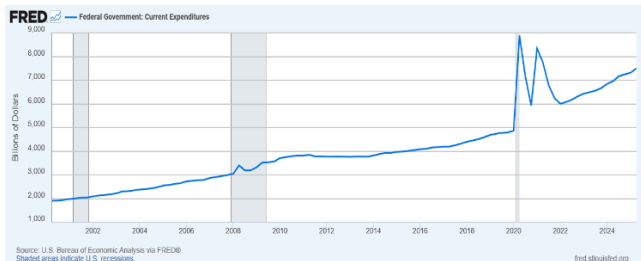
There are many indicators that show the influence of the wealth effect. For example, according to the WSJ, the average overnight rate for luxury hotels in the US in 2025 will be \$394, while the average for mid-range hotels will be \$226 this year, more than double the price difference since 2008. In addition, occupancy rates for the former have risen by 2.5%, while those in the mid-range and lower categories have declined.



\*Production and non-supervisory Employees, total private

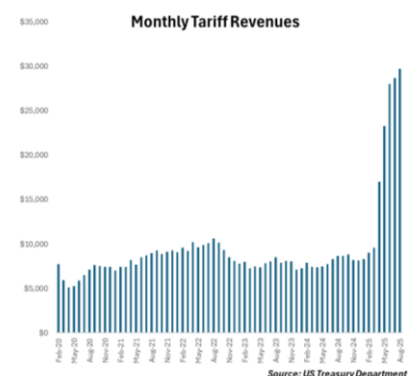
Unhedged, [Financial Times](#), 12NOV25

The US government under Donald Trump is unlikely to counteract these trends. Instead, it has been trying to curb government spending, which is certainly a laudable endeavour given the elevated public spending ratio, but one that has unfortunately borne little fruit so far.



US Federal government expenditure since 2000, [FRED](#), 13NOV25

An attempt has therefore been made to improve revenue through income from trade tariffs, which has risen significantly since April. Tariff revenues are currently generating approx. \$30 billion per month. At first glance, this appears to be a "free lunch", although tariffs have never had a lasting effect historically, as they, like any tax, trigger circumvention and avoidance tendencies. Moreover, experts estimate that 60% of the tariffs levied are ultimately paid by US consumers, 20% by US companies and 20% by foreign suppliers. Under these circumstances, they reinforce the existing stagflationary tendencies, as we expected.



@Convertbond, [X](#), 26AUG25





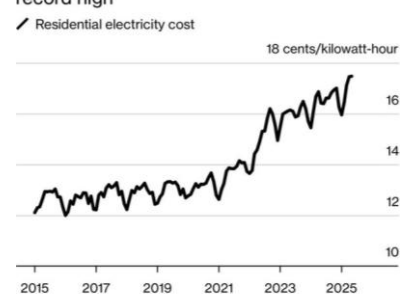
Meanwhile, it must also be noted that the question of whether the US government is even entitled to impose tariffs is currently being heard before the US Supreme Court. The questionable nature of US tariff policy stems from the fact that tariffs are a form of taxation that would normally require approval by US Congress. Most observers therefore anticipate a negative ruling by the court, with the potential obligation to repay funds collected to date, not only possible but even probable. We can only speculate on this, but we are convinced that such a ruling could have chaotic consequences.

Another important aspect in assessing the economic situation in the US is the rapidly accelerating boom in AI and data centre investment. According to [J.P. Morgan Asset Management](#), AI-related investments contributed 1.1% to GDP in the first half of 2025 (I have come across other sources estimating even higher contributions) – and the trend is rising. This inevitably raises the question of whether all these investments will generate an adequate economic return – and if not, whether this will lead to a significant slump in investment in the near future, with corresponding negative consequences for the economy. We would answer the first question in the negative and the second in the affirmative, and we are positioned accordingly (more on this below).

Another relevant aspect of this topic that is increasingly coming into focus is what the massive expansion of AI and data centres means for the energy balance of the US, as well as other countries involved in this area. The operation of these facilities requires enormous amounts of electricity, which is already reflected in a significant increase in electricity costs in the US. Electricity costs are probably one of the most important inflation indicators for private households, as they are a regularly recurring budget item of clear significance. And even in an energy-rich country like the US, this inflationary trend is unmistakable.

#### Utility Bills Keep Rising

Residential electricity costs are near a record high



Source: Energy Information Administration

@MacroEdgeRes, X, 27AUG25

All of this leaves our expectation of a stagflationary phase in the US as the main scenario. And with that, I would like to conclude my assessment of the US situation with a quote from Hartland Shipping Services' *"Points of View"* commentary of 1 August, which closes with the following observation: *"As usual, one must strip out ego, exaggeration, bullying, distortion and disinformation if evaluating US economic performance both boosted and battered by wars, natural disasters, chaos, trade disruption, Trumpism, the X-factor and the spectre of Epstein. Nothing is certain, that is for sure."* ([Hartland Shipping Services](#), 1AUG25)

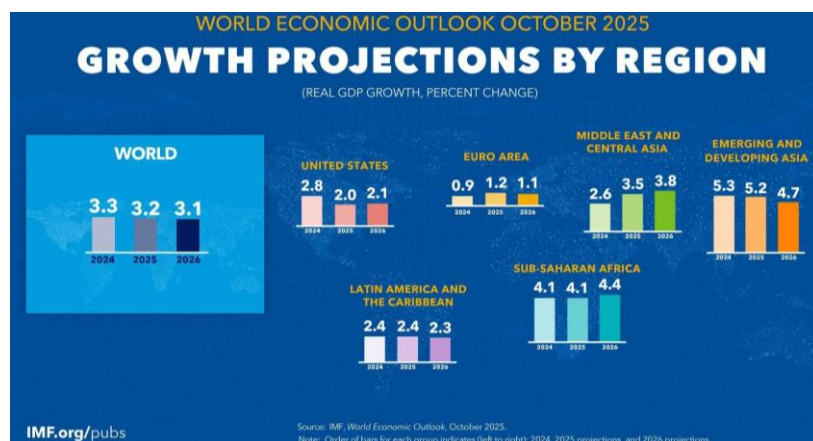




How is the situation in Europe?

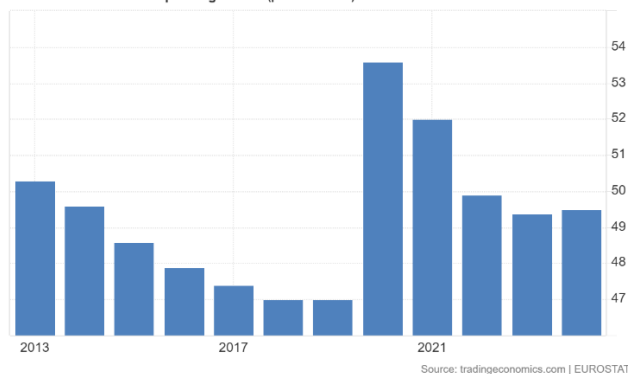
Fundamentally, the mood in Europe is anything but positive, and its political leadership is still struggling to find its role in the new reality between an increasingly volatile, egocentric and politically aggressive US government on the one hand and a socialist and culturally as well as value-alien economic giant China on the other.

While the IMF's World Economic Outlook forecasts global real growth of 3.1% for 2026, driven by growth in Asia (4.7%) and Africa (4.4%), but also by continued fairly stable growth in the US (2.1%), similarly stable but by far the weakest growth (1.1%) is indeed expected for the eurozone.



IMF, [World Economic Outlook](#), OCT25

Euro Area Government Spending to GDP (percent of GDP)



[Trading Economics](#)

The problems in Europe are complex: an ageing population, an excessively high level of government spending, which has risen again since the coronavirus years, and a private sector whose competitiveness has declined due to high taxes and levies, a regulatory jungle that effectively curbs productivity growth, and energy prices that have risen particularly sharply since the start of the Russia-Ukraine war.

However, what is new is that the problems are now increasingly concentrated in core countries such as Germany, which has long since had to relinquish its position as the world's leading exporter, and France, which appears increasingly ungovernable and is groaning under its extreme debt burden. Nevertheless, the patent remedy seems to be the same as always: *"If Europe can no longer spend, who else can?"*



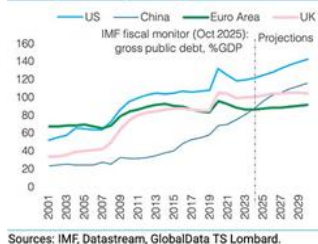




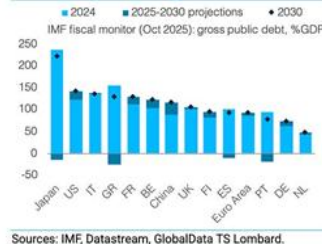
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If Europe can't spend big, who can?



Time to stop obsessing over EA's fiscal



D. Oneglia, TS Lombard, via [Chartbook](#) by Adam Zooze, 16NOV25

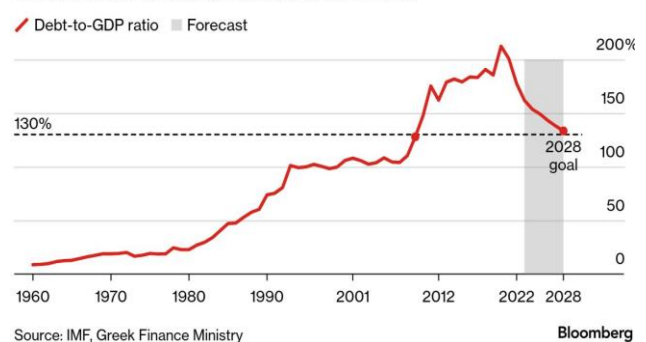
Especially since the eurozone crisis, Europe has been the model student among the major nations in terms of spending discipline, as the charts on the left show. While, for example, US government debt has risen from 50% to just under 130% of GDP this century, the same ratio has risen only from 70% to around 90% in the Eurozone.

But this spending discipline is increasingly being thrown overboard, as government intervention and subsidies seem to be such an easy way to fix existing problems. And since citizens are also demanding more and more help from the state at the ballot box and seem to care little about where the funds come from, the path forward is clear. Or to quote Grant Williams: *"With politics now a career instead of a later-in-life calling for the already-successful, is it any wonder we are governed by people who have no understanding of the ultimate perils of fiscal irresponsibility?"* (L'Entente Terminale, [TTMYGH](#), by Grant Williams, AUG25)

There are examples that show that these trends are not irreversible. During the eurozone debt crisis, Greece was the biggest problem child and even needed debt restructuring.

Since then, however, the country has implemented far-reaching reforms and returned to a path of growth. More importantly, *"Since its debt revamp, Greece has regained its investment grade rating and fully paid back its rescue loans from the International Monetary Fund. It plans to make an early repayment of European bailout loans in December."* This is in my own view a remarkable achievement and shows there are ways to reform responsibly.

Greece Plans to Cut its Debt to 2009 Levels



Greek government debt as % of GDP, [Bloomberg](#), 22AUG25

Without the necessary reforms, the rest of the eurozone will remain stuck in its current quagmire. This requires political will and the understanding and willingness of citizens to adapt. However, I believe there is still a long way to go and I expect that we will continue to muddle through for the time being...

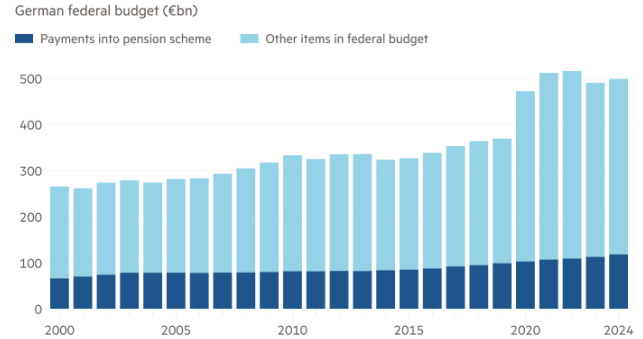




A fitting example for the urgent reform needs is the German pension system: according to the Cologne Institute for Economic Research, in 2040, 100 workers will have to support 41 pensioners, compared to 30 at present.

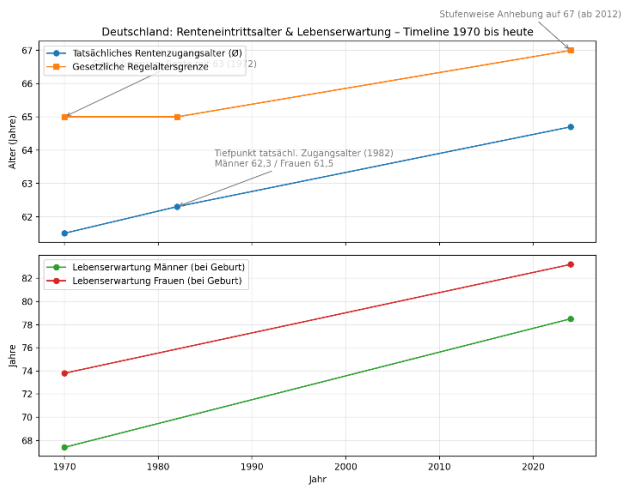
Even now, a quarter of the national budget (EUR 118 billion in 2024) must be used each year to plug the funding gap in the pension fund. This share will inevitably increase in the coming years.

Pension payments account for nearly a quarter of the German federal budget



Sources: Deutsche Bundesbank, Federal Ministry for Labour and Social Security

FT, 25AUG25



Quellen: Deutsche Rentenversicherung (Rentenatlas 2023/2024), Demographischer Bericht der Bundesagentur für Arbeit (2022/24), 1970er Lebenserwartung: Spiegel (Gesellschaft in den 1970er Jahren), Statistik der Bundesagentur für Arbeit (2024). Hinweis: Datenpunkte sind repräsentative Mittelwerte (1970, 1982, 2024) - keine lückenlose Jahresreihe.

Germany: Retirement age & life expectancy, AI: MS Copilot

However, as in France, no politician or party is willing to tackle this problem. After all, it should be obvious that the current system is unsustainable. Taking demographics into account here, the average retirement age (**actual** and **mandatory**) in the 1970s was in the low 60s, while average life expectancy was around 68-74 years. This meant that the expected pension period was less than 10 years. As the chart opposite shows, both retirement age and, above all, life expectancy (**men**, **women**) have risen quite a bit since then, so that the average pension period is now over 15 years.

In the existing pay-as-you-go system, this combination of a shrinking workforce and a growing number of pensioners with increasing pension periods is obviously creating a rapidly growing financial problem, as the gaps in the pension fund that need to be filled are becoming ever larger.

Unfortunately, the current government mostly treats this in the usual kicking-the-can-down-the-road way, making it even more difficult to solve in the future. What is needed here, especially in the core countries, are politicians who are aware of their responsibility to the people and society and who do not shy away from difficult decisions. Which brings us back to Grant Williams' quote on the previous page...





Finally, I would like to take a brief look at Japan, where the new Prime Minister, Sanae Takaichi, reflects a clear shift to the right within the LDP. Compared to her predecessor, she is considered ultra-conservative and nationalistic, advocates strengthening the Japanese military and an associated increase in defence spending, and pursues a pro-American and confrontational course towards China, which has already led to initial tensions with Japan's large neighbour.



Financial Times, [Unhedged](#), 11OCT25

In terms of economic policy, she stands for the continuation of "Abenomics", i.e. an expansionary fiscal policy combined with loose monetary policy. She is also calling on Japanese employers to raise wages and salaries more quickly and more significantly in order to counteract recent pressures on real wages.

The overall situation is aptly described in the chart on the left, which shows the Bank of Japan's key interest rate development at the top and the annual change in consumer prices and real wages below. It highlights that the Japanese have suffered from a sustained loss of purchasing power (not merely) over the past two years.

The election of Takaichi-san has led to a significant weakening of the JPY in recent months, which is now one of the weakest currencies against the EUR alongside the KRW, NZD and USD.



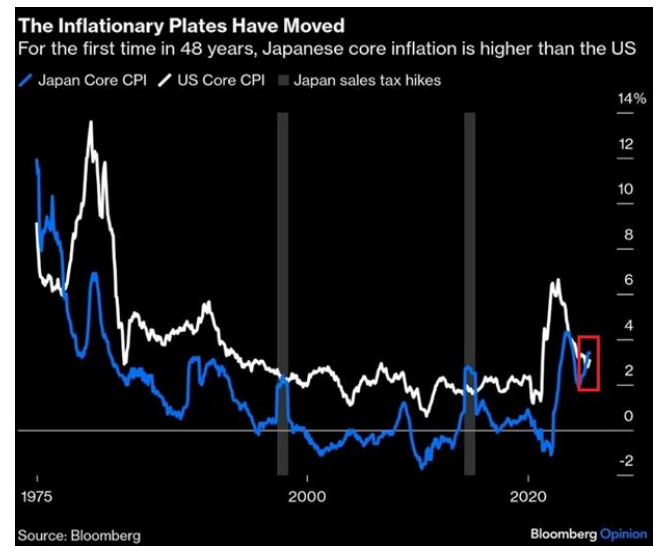
Bloomberg

IASF holds a significant JPY position via FX forwards, mainly against the USD. Nevertheless, this position has cost us approximately 0.6% in performance this year.





Following the decline in recent months, we do not believe this is the right time to close the position. Japan finds itself in a dilemma. On the one hand, it is pursuing a loose fiscal policy, while at the same time maintaining negative real interest rates of 2%, which is clearly aimed at reflation. However, the associated inflation rate, which is now higher than the one in the US, is not going down well with the public, and pressure is growing to curb the associated loss of purchasing power. At the same time, long-term interest rates continue to rise, as the yield curve chart on page 7 illustrates.



@KobeissiLetter, X, 27AUG25

We continue to see considerable repatriation potential here, as Japanese investors hold (among other things) large portfolios of long-term European and US government bonds. If these are now hedged against currency risk, the net result (after hedging costs) is worse than if Japanese government bonds are held.

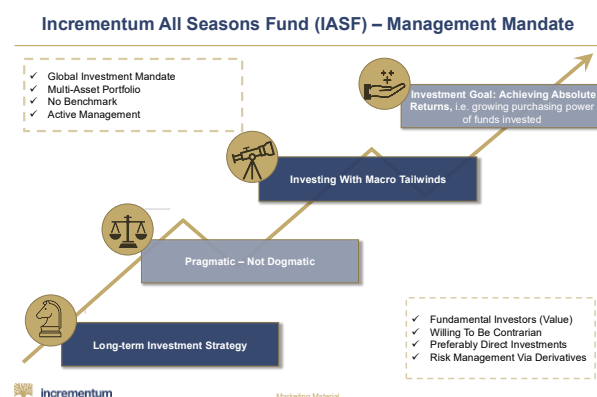
An interest rate hike at the short end, which many observers expect in the last quarter, may cause a trend change. With interest rate expectations continuing to fall in Europe and the US, this would make the JPY carry trade (i.e. borrowing low-yielding JPY to exchange them for higher-yielding currencies and invest accordingly) less attractive. Estimates suggest that the volume of this trade is in the double-digit trillion range, and a reduction in this volume would clearly strengthen the JPY. We are therefore maintaining our position for the time being.



### Active investing

We launched IASF as a global strategy fund that is benchmark-independent and actively managed to demonstrate that such an approach can generate added value and is therefore worth the higher costs compared to passive mandates. This was a logical step, as I had always invested actively and with an absolute return focus, even before I became a fund manager.

As a former investment advisor and asset manager who has worked with high net worth individual clients on five continents, I was aware of what this type of clients are looking for, namely an all-weather strategy that pursues the goal of long-term purchasing power growth for the invested funds, the implementation of which they can outsource to a suitably competent expert.



And so, after joining Incrementum AG, I took the investment concept that I had successfully implemented on an individual basis for more than two decades and, with IASF, moulded it into a standardised and scalable vehicle, made a significant co-investment, and then made the fund available to former clients and new investors. This resulted in a clear focus (only one mandate instead of 70), increased response time and allowed for the more intensive use of derivatives, which, in my opinion, has further improved the overall quality of results.

For us, active investing does not simply represent a discretionary element when weighting the various market sectors, but a clear focus on themes and individual investments from which we expect macroeconomic tailwinds and which we select on the basis of a qualitative and fundamental assessment. This has led to the establishment of long-term investment themes, which are familiar to our investors and help us to narrow down the global investment universe to a manageable size, also considering our limited research resources.



In addition, it has also led to a relatively low correlation with broader markets and asset classes, and thus to diversification effects that make IASF an attractive portfolio component, as the adjacent chart, among other things, clearly shows.





Active investing defined in this way requires courage and a willingness to stand out from the crowd. But as Jim Grant, editor of Grant's Interest Rate Observer, once said: *"Successful investing is about having people agree with you ... later."* ([Quotation](#)) This is in line with our approach, which is also characterised by a contrarian attitude, which in turn requires strong nerves and a great deal of patience. Or, as Charlie Munger put it: *"If you want to be an outlier in terms of performance, just sit on your ass and read most of your life. The point to note here is that, despite the exaggeration, the core of the statement remains valid."* (I believe taken from [Poor Charlie's Almanack: The Wit and Wisdom of Charles T. Munger](#), though I could not find my original source anymore.)

So, what is our investment focus in autumn 2025?

First and foremost, there are the massive and growing mountains of debt in the US, Europe and Japan, which make monetary policy normalisation seem unrealistic. Instead, we expect covert efforts at reflation through further expansionary fiscal policy, supported by negative real interest rates and increasing degrees of financial repression. This carries the risk that government bonds will once again become certificates of confiscation, prompting us to steer clear of them as well as the financial sector (especially banks and insurance companies).

This will also lead to the resurrection of so-called *"beggar-thy-neighbour policy"*, i.e. economic policy measures aimed at strengthening one's domestic economy at the expense of the economic situation in other countries. The US government under Donald Trump's second term in office has demonstrated what this can look like. Such policies also go hand in hand with a devaluation of the pursuing country's own currency, which is why we expect a weaker US dollar. In the longer term, however, experience shows that this leads to a race of competitive devaluation for all fiat currencies, in which real assets such as precious metals and commodities, but also real estate and value stocks – as scarce assets that cannot be reproduced at will – gain in importance.

The growing impotence of monetary policy is also leading, unsurprisingly, to fiscal dominance, a phase in which the economy is increasingly being controlled by direct intervention and fiscal policy measures. The current phase of global remilitarisation, deglobalisation and the associated repatriation of production and jobs from abroad is clearly led by government intervention, including state-directed investment in infrastructure and real assets that have been neglected for decades.

Another important macro-observation is the blatant overvaluation of the US stock market, which we have been reporting on regularly in these pages. At the time of writing (November 14), US stock markets are once again in a slight correction phase (approx. 3% below all-time highs from October for S&P 500 and approx. 5% for Nasdaq 100) and nervousness is once again palpable.





# Incrementum All Seasons Fund

- in pursuit of real returns -

| NASDAQ 100 |                   |        |        |
|------------|-------------------|--------|--------|
|            | Company           | Symbol | Weight |
| 1          | Nvidia            | NVDA   | 14.39% |
| 2          | Microsoft         | MSFT   | 12.24% |
| 3          | Apple Inc.        | AAPL   | 11.11% |
| 4          | Amazon            | AMZN   | 7.94%  |
| 5          | Meta Platforms    | META   | 6.10%  |
| 6          | Broadcom Inc.     | AVGO   | 4.59%  |
| 7          | Alphabet Inc. (C) | GOOGL  | 4.22%  |
| 8          | Alphabet Inc. (C) | GOOG   | 3.95%  |
| 9          | Tesla, Inc.       | TSLA   | 3.66%  |
| 10         | Netflix           | NFLX   | 1.69%  |
| S&P 500    |                   |        |        |
| #          | Company           | Symbol | Weight |
| 1          | Nvidia            | NVDA   | 7.62%  |
| 2          | Microsoft         | MSFT   | 6.48%  |
| 3          | Apple Inc.        | AAPL   | 5.88%  |
| 4          | Amazon            | AMZN   | 4.20%  |
| 5          | Meta Platforms    | META   | 3.23%  |
| 6          | Broadcom          | AVGO   | 2.43%  |
| 7          | Alphabet Inc. (C) | GOOGL  | 2.23%  |
| 8          | Alphabet Inc. (C) | GOOG   | 2.09%  |
| 9          | Tesla, Inc.       | TSLA   | 1.94%  |
| 10         | Berkshire Hath    | BRK.B  | 1.84%  |

Top 10 stock weightings  
NYUGrad, [Substack](#), 14NOV25

For despite all the outward displays of confidence that valuations in the dominant technology sector and the earnings potential of AI are virtually boundless, most investors probably realize that the developments of recent years cannot continue in this form. Financial markets are and will remain subject to cyclical patterns, which means that a prolonged upturn will inevitably be followed by a consolidation or downturn, which has been long overdue.

Any rational investor should also pause for thought when realizing that 10% of Nasdaq 100 constituents account for 70% of the index, while 2% of S&P 500 members account for 38% of the index, at the same time that the valuations of these indices are at record highs. For us, at least, all this is more than enough reason to look for opportunities outside these two markets, while we short them to hedge against overall market corrections.

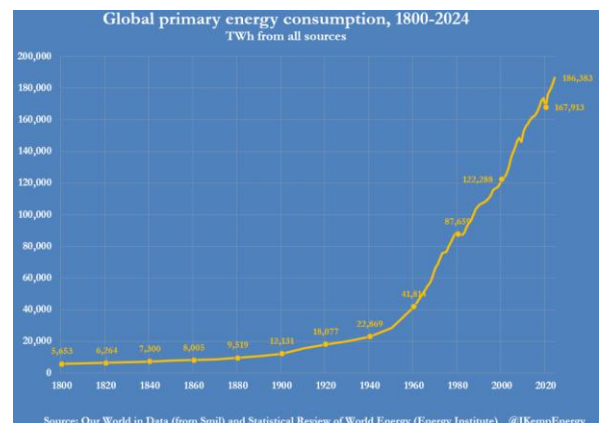
## A review of our theme selection

On the following pages, I would like to try to give our investors a brief overview of our theme selection and its (approximate) contributions to results:

Let's start with the theme **ENERGY** (19% of AuM). This includes oil and gas (6%), uranium (4%) and coal producers (2%), as well as service providers and support companies (7%). Our IASF individual investments in this theme have achieved an average total return of 11% (measured in base currency) over the course of the year (up to November 14), have a PE of 33. EV/EBITDA of 6.1 and a dividend yield of 3.9% and are trading at 1.5 times book value.

We are convinced that affordable and reliably available energy sources are the basis for economic development and human progress. Without them, growth comes to a standstill, and societies stagnate or even regress.

In other words: "Energy is life" ([Doomberg](#)) or "Economic activity is energy transformed" ([Louis-Vincent Gave](#)).

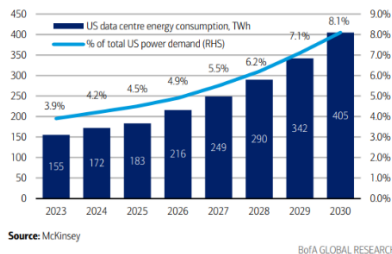


[JKempEnergy.com](#), 30OCT25





**Exhibit 3: US data centre energy consumption (TWh) and as % of total US power demand (RHS)**  
c250TWh new electricity demand in the US alone through 2030 from data centres, rising to 8% of US power demand



@MikeZaccardi, X, 20SEP25

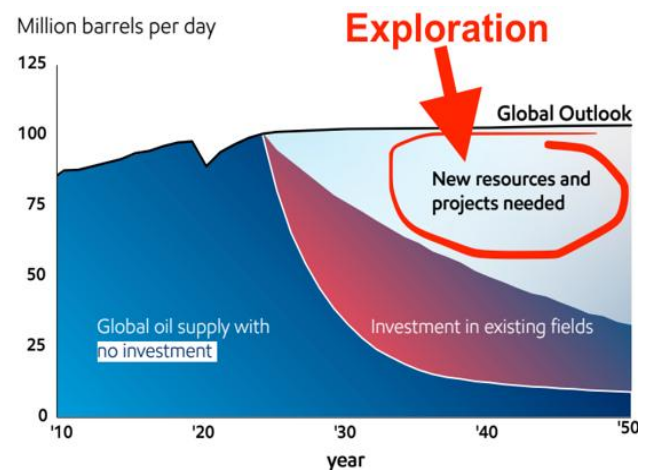
At the same time, long-term supply is limited, particularly for conventional energy sources (coal, oil and gas, as well as uranium), as producers have made insufficient replacement investments. This is due to low prices, costly regulation and restricted access to capital markets. In addition, the sanctions against Russia and Iran, which were largely ineffective for a long time, triggered a short-term surge in supply, as both countries reduced inventories to maximise short-term oil and gas sales and associated foreign exchange income.

Recent Ukrainian drone attacks on Russian energy infrastructure now appear to be increasingly restricting production and supply from the world's second-largest oil and gas producer, which produces 10-11 million barrels per day. This has led to a recent stabilisation in prices at fairly depressed levels, even though OPEC has increased production quotas (more than volumes) this year.

Ultimately, cheap energy sources will always find a buyer, while producers with no prospect of an adequate return will reduce their investment activity. This has been evident in the industry for some time, as most producers are responding to falling prices with reduced exploration budgets, which always leads to long-term supply reductions in the commodities sector. According to the old rule that in cyclical industries, the cure for low prices is even lower prices, we therefore see great opportunities for returns that exceed inflation in this area.

So, what are some of the driving factors in this theme?

Global energy demand is growing inexorably. This is driven primarily by rising demand in emerging markets. Lately, OECD countries, which in recent years have invested exorbitant sums in the expansion of renewable energy sources, whose efficiency and reliability, however, leave much to be desired, have also seen renewed overall demand growth (keywords: re-shoring of industrial production and AI/data centre expansion).



ExxonMobil Global Outlook, AUG24





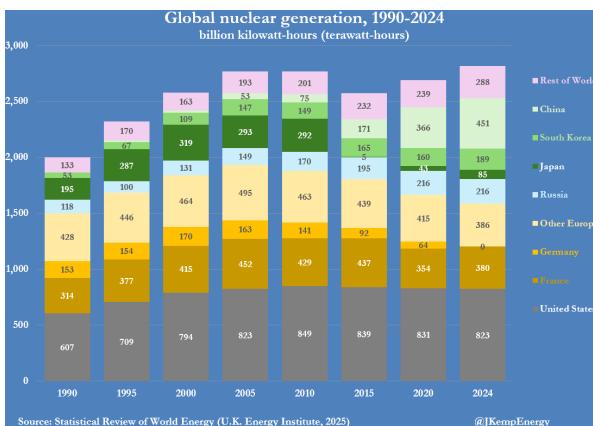
# Incrementum All Seasons Fund

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@SoberLook, X, 12NOV25

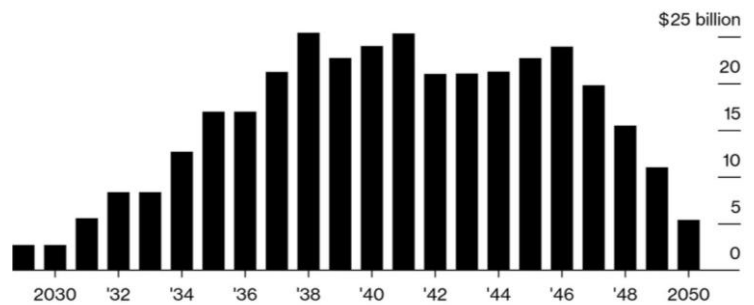
Another reason for our high conviction bet on the sector is investor positioning, as the sector has completely fallen out of favour. This is clearly reflected in the shrinking weight of the energy sector (e.g. the weight shown on the left in the S&P500) in broad market indices. It is also illustrated by the fact that Nvidia's market capitalisation of \$5 trillion is now five times as high as the market capitalization of the entire US energy sector.



[JKempEnergy.com](#), 30SEP25

## Reactor Revival

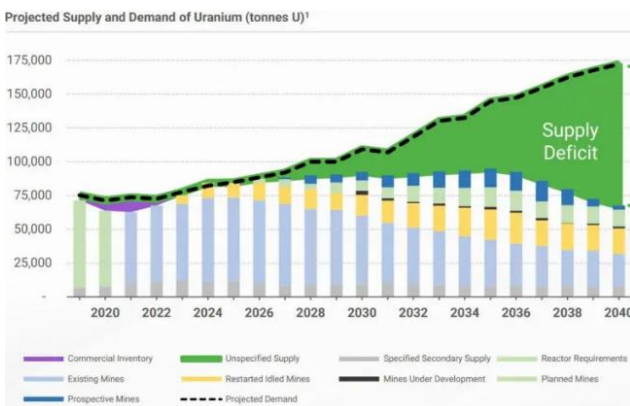
US will spend more than \$350 billion on nuclear power through 2050



Source: Bloomberg Intelligence

Bloomberg

[Bloomberg](#), 29SEP25



Uranium supply deficit, [Incrementum Uranium Resources Fund](#)

The charts above, which demonstrate the global revival of nuclear energy, illustrate why this theme is not only about fossil fuels, but also about nuclear energy, which is essential for a carbon-free base load supply. At the same time, and very obviously, nuclear power plants require uranium as fuel, and global uranium production is characterised by what we believe to be one of the most obvious supply gaps in the raw materials sector.

International maritime **SHIPPING** also remains on our list of themes (14% of AuM). Here we are currently focusing on the tanker (8%) and dry bulk (5%) sub-sectors and a small LPG carrier position. Our individual investments in this theme have achieved an average total return of 43% (measured in base currency) over the course of the year, have a PE of 15.7, EV/EBITDA of 6.8, a dividend yield of 6% and are trading at 1.18 times book value. These figures show that this theme has once again been an important performance driver, and we have used the recent bull market in the (especially tanker) sector to take profits and make reallocations.



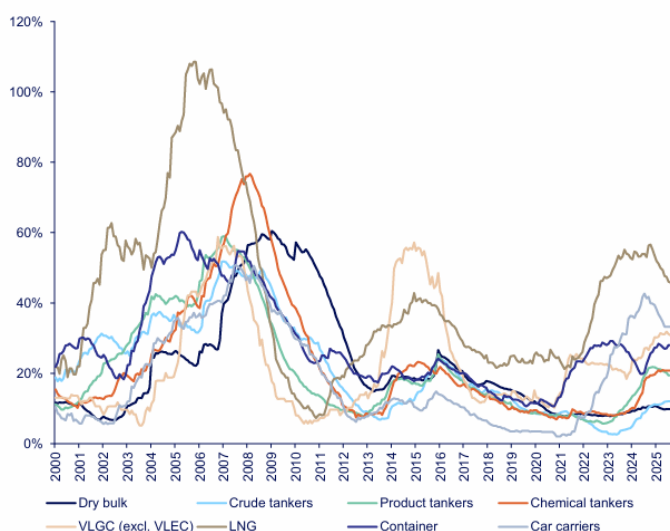


# Incrementum All Seasons Fund

*- in pursuit of real returns -*

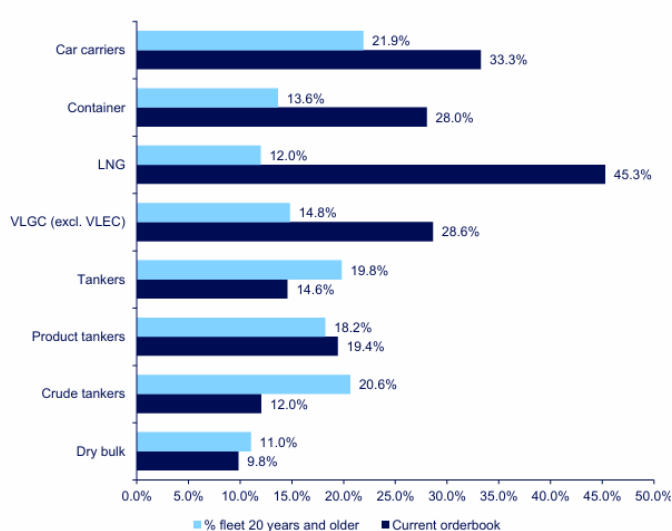
In our view, this theme offers inflation protection through durable economic goods that are also critical to global logistics. The various segments, such as containers, tankers, dry bulk, LNG/LPG and car transporters, have enabled us to play the corresponding sub-cycles. However, the theme is more complex and difficult than one might assume, as the shipping industry's economic situation and profitability are influenced by a variety of factors such as transport demand and substitution options, transport distances (ton miles), IMO (International Maritime Organisation) as well as national regulations, first and foremost concerning emission standards, fleet renewal, etc.

## Where are we in the cycle from a supply perspective?



Source: Arctic Securities Research, Sea-Web

## Low orderbook and replacement need exceeds it



ARCTIC

[Arctic Securities](#)

Also in this theme, the cyclical component is overshadowed by a structural one, namely an insufficient willingness to invest in fleet renewal in our preferred subsectors. The reasons for this are increased uncertainty regarding global trade and energy flows, tightening environmental regulations and high financing costs. The associated reduced supply expansion is one of the main reasons for our continued constructive medium-term outlook for this theme, which, in addition to the inflation-driven revaluation of the existing fleet, is also characterised by historically conservative corporate management, healthy balance sheets and a relatively shareholder return-friendly attitude. We therefore plan to stick with this theme for the time being, even if its importance should decline.

The next theme and arguably largest bet is our **precious metal allocation**. It is divided into physically backed precious metal ETCs plus an in-the-money silver call option (18% of AuM in total, of which 8.3% is gold, 5.6% silver, 2.4% platinum and 1.6% palladium), as well as our allocation to **GOLD AND PRECIOUS METALS** stocks (14% in total, 8% gold, 3% silver and platinum/palladium, 1% developer, 2% royalty/streaming). Altogether, we have currently allocated nearly a third of IASF-AuM to this theme.







# Incrementum All Seasons Fund

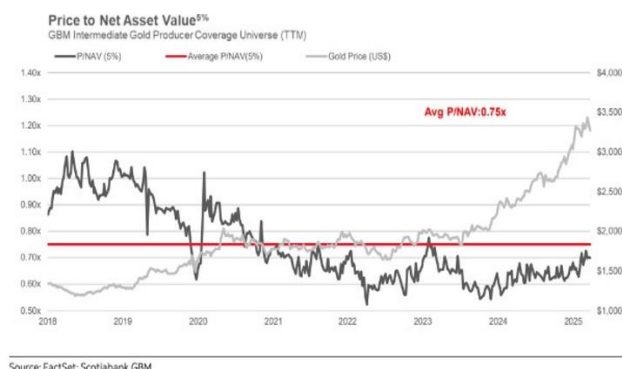
*- in pursuit of real returns -*

Amid the strong year-to-date performance of precious metal prices, it is no surprise that this theme has been one of the main performance drivers in 2025. As of November 18, measured in EUR, the performance of the metals' prices (and thus our ETCs) was as follows: gold +38%, silver +55%, platinum +52%, palladium +38%. As part of IASF fund's liquidity and a substitute for bonds, this has certainly made an outstanding contribution to the result.

The same applies to our **GOLD AND PM** stocks, where our individual investments have generated an average total return of 121% (measured in base currency) over the course of the year. This investment basket is currently trading at a P/E ratio of 34, EV/EBITDA of 14.2, 4.3 times book value and a dividend yield of 1%, which at first glance certainly does not appear to be cheap. Nevertheless, we remain positive about the sector, as it is currently experiencing incredible earnings and cash flow momentum, which will significantly reduce the above valuations.



FTSE Gold Mines Index vs **earnings per share estimates**, Bloomberg, 18NOV25



Source: FactSet; Scotiabank GBM

Price to NAV gold producers vs gold price, Scotiabank

After all, the gold price has risen from \$2624 to around \$4000 this year, which, with average production costs (AISC) of \$1500-1600, is largely converted into free cash flow. In the short term, this is marginally offset by higher royalty and streaming costs, which most projects bear, as well as an estimated 5% cost inflation and slightly increased investments. This earnings and cash flow dynamic has only built up over the course of the year, and how it will develop further now depends primarily on the future development of the gold price. As we expect a short-term consolidation but further increases in precious metal prices in the medium term, these shares all have an option character (albeit increasingly deep in the money). At the same time, as the chart above right shows, the companies' NAVs (especially based on remaining resources and reserves) have also risen sharply, which fundamentally justifies the corresponding share price increases and has kept the price-to-NAV ratio relatively stable. In addition, the companies are using the abundant cash flows to further improve their balance sheets and buy back shares, which also strengthens the net asset value per share.



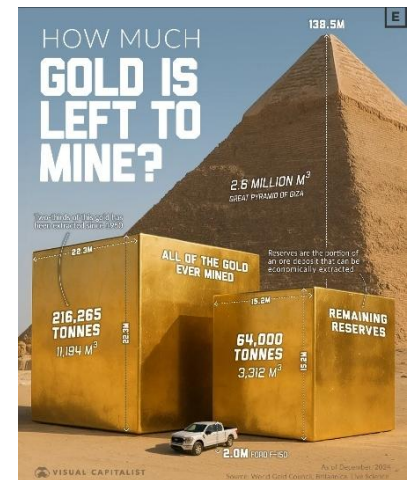


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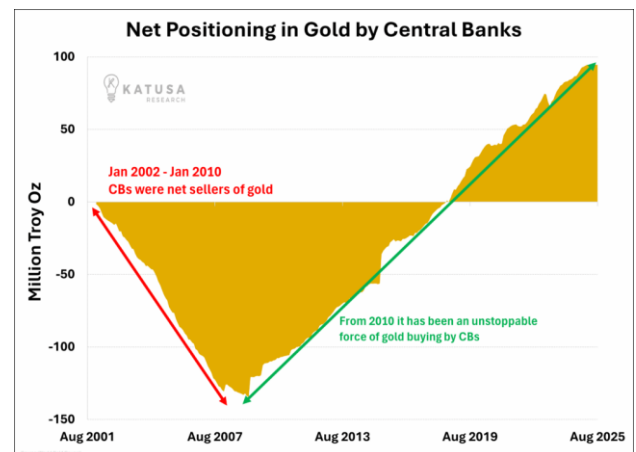
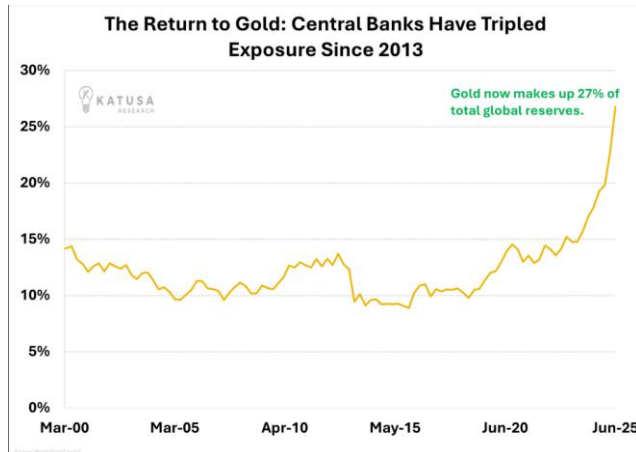
In this regard, I always find it particularly fascinating to consider how rare gold actually is.

This is typically illustrated by the adjacent image, which shows all the gold ever mined in the world in the cube on the left and the currently reported remaining reserves in the cube on the right. Personally, I also find it impressive that gold mining projects are now being launched where the grade of gold in the rock is in the low single-digit gram range per tonne. This shows how much technical progress is contributing to greater availability and efficiency gains in this area as well, making deposits that once seemed uneconomical economically viable again.



Visual Capitalist, 28OCT25

Our central argument for persistently high and rising gold prices remains that, since the freezing of Russian foreign exchange reserves in 2022 at the latest, gold has been the world's most important counterparty risk-free reserve asset, which is reflected in persistently high purchases by international central banks. The following two charts show how central bank allocation to gold has developed this century:



Gold share of global foreign exchange reserves - [Gold 3.0 - Katusa Research](#), 5NOV25 - Net central bank sales and purchases

To quote Marin Katusa of [Katusa Research](#): *"The U.S. keeps printing, Europe struggles to grow, and emerging economies want protection from sanctions, currency shocks, and Western control. Gold gives them that safety net."*

*From Beijing and Moscow to Warsaw and Riyadh, central banks are loading up on gold at record pace. They're not looking for returns. They want independence from the dollar system. This shift is putting gold back where it once stood: at the foundation of monetary trust."*



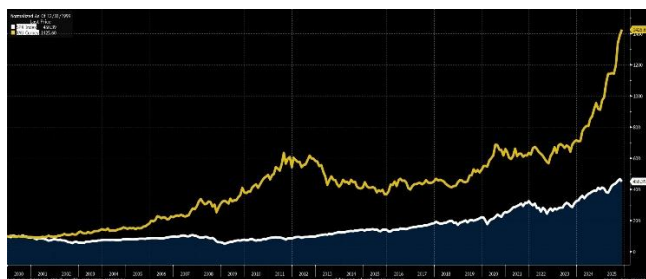
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This is the fundamental difference that our partners, Ronni Stöferle and Mark Valek, have repeatedly pointed out in various editions of the [In Gold We Trust](#) report in recent years, namely the changed attitude of central banks and governments towards gold as a monetary anchor.

In my view, most investors have still not grasped the full implications of this, otherwise their attitude towards this year's rise in the price of gold would not continue to be characterised by a surprisingly large degree of scepticism.

This scepticism is based on decades of experience in which the yellow metal (like its relatives silver, platinum and palladium) proved to be a "worthless pet rock" in the eyes of many, as it is not a productive asset, but rather combines the classic functions of money.



Gold price vs S&P 500 since 2000, Bloomberg

Personally, I have no doubt that investor sentiment is still in the first half of the enthusiasm cycle, somewhere between hope, relief and optimism. Overall, I can only detect temporary shreds of excitement, and any level of thrill or ongoing euphoria regarding the further prospects for and development of the gold price are still largely absent.



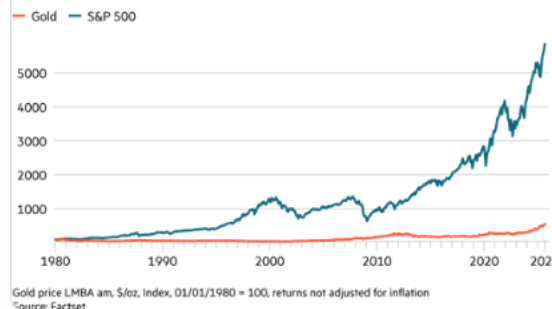
Hans G Schiefen @SchiefenHg · 45s

Whenever I start to wonder whether the precious metals rally is reaching a climax, I am reminded - today with the chart below from Investors Chronicle - how early we are in the cycle, as the generalists remain sceptical...

[investorchronicle.co.uk/content/22c033...](https://investorchronicle.co.uk/content/22c033...)

## GOLD DOESN'T ALWAYS GLITTER

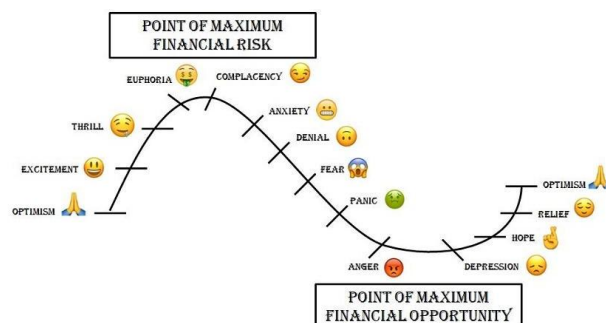
Value of \$100 of gold purchased on 1 January 1980, compared to \$100 invested in the S&P 500



@SchiefenHg, X, 23SEP25

And thus, the chart above invites the unsuspecting reader to make misjudgements, as it begins in 1980, the last cycle high for the gold price. If you start the comparison at the start of 2000, near the S&P 500 high of the last major tech cycle, the picture looks very different (see chart on the left).

## THE CYCLE OF MARKET EMOJIS



Forbes, 31JUL18



# Incrementum All Seasons Fund

*- in pursuit of real returns -*

This is also evidenced, for example, by the amount of gold held in US gold ETFs (see chart below left), which is still below the peak levels of 2020. The situation is similar with net inflows into gold mining ETFs, which still showed significant outflows in the first half of the year, a trend that only seems to have reversed in recent months. This overall rather cautious sentiment is also confirmed by European sources. Therefore, we do not yet see any euphoria and continue to feel very comfortable with our high conviction allocation to this theme.

Exhibit 13: Gold holdings by ETFs

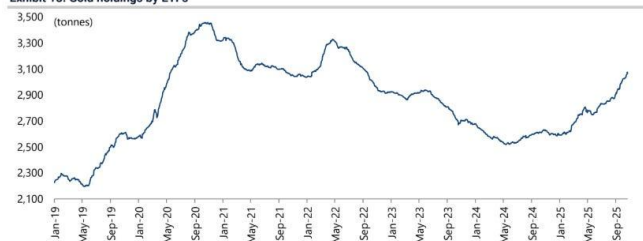
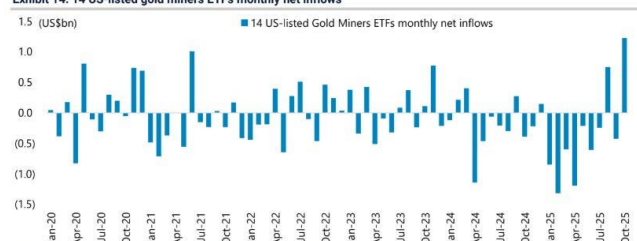


Exhibit 14: 14 US-listed gold miners ETFs monthly net inflows



Haymaker Daily, [Substack](#), 5NOV25

This brings us to the remaining equity themes, which have lower weightings but are nevertheless important in terms of their significance, including for diversification reasons, namely:

- **OTHER COMMODITY PRODUCERS** (5% allocation; P/E ratio 20, EV/EBITDA 10, P/B 1.2, dividend yield: 3%) with a total return of 24% as of November 14, with focus on fertiliser manufacturers, commodity traders and hard rock drillers.
- **INFRASTRUCTURE / REAL ESTATE** (3% allocation; P/E ratio 13, EV/EBITDA 13, P/B 1.2, dividend yield: 2.7%) with a total return of 30% as of November 14. - These are exclusively European real estate and infrastructure companies.
- **JAPAN VALUE** (4% allocation; P/E ratio 14, EV/EBITDA 8, P/B 0.8, dividend yield: 2.7%) with a total return of 21% as of November 14. - This roughly corresponds to the price gain of the Topix over the same period and has thus generated value, albeit not on a relative basis. In this theme, we are also primarily exposed to "old economy" stocks.
- **EM VALUE** (5% allocation; P/E ratio 18, EV/EBITDA 8, P/B 1.0, dividend yield: 4%) with a total return of 37% as of November 14. This theme is a smorgasbord of individual ideas ranging from Brazil and Indonesia country ETFs, Alibaba, CKH Holdings and smaller HK stocks to a closed-end Asia fund and an EM fund manager.
- **GROWTH/TECH** (1% allocation; P/E ratio 23, EV/EBITDA 12, P/B 2.9, dividend yield: 2.3%) with a total return of 17% as of November 14. - Due to its small size, this theme is currently of little relevance to the overall result but still deserves a place in IASF.
- **MISCELLANEOUS** (8% allocation; P/E ratio 17, EV/EBITDA 10, P/B 1.4, dividend yield: 4.8%) with a total return of 15% as of November 14. - This theme is a catch-all for individual investments that we consider attractive but do not fit into the existing themes. These include, e.g., companies in the pharmaceutical, consumer goods and automotive industries.





Let's have a look at the last theme to illustrate how difficult it is to estimate results contributions with some degree of precision. My estimates are based on the average total returns of all individual positions over the course of the year, which is generally reasonably reliable as we hold most positions for the long term. However, this also means that the impact of changes during the year is not taken into account. In this area, for example, WPP, which was recently added to the portfolio, is included in the calculation with a total return of -63%, even though we only bought the share after this sharp fall. Therefore, all earnings contribution figures given on these pages are based on estimates and cannot claim to be accurate.

We are working with Bloomberg to be able to offer more accurate figures in the future, but this will take a little time. One difficulty arises from the fact that our thematic categorisation does not simply follow the MSCI or other established sector classifications, but rather applies common sense, which makes the standard analyses of the custodian bank relatively useless. Nevertheless, I am confident that our information provides a sufficiently illustrative picture.

## **Life outside the equity themes**

Of course, and as existing investors know, we do not only hold equities in IASF: There is also our **liquidity position**, which consists of the precious metal ETCs mentioned above and occasionally short-term bonds (<2 years with investment grade rating). In addition, we have always held cash throughout the year (typically between 5 and 10%), which generates correspondingly low returns. We should also mention our **bond portfolio**, which for a long time was only marginal (less than 2% of AuM), but which we have begun to increase in recent weeks (currently around 5%). Half of this consists of an emerging market local currency bond fund that focuses on government bonds (duration 5.8) and USD corporate bonds with an average yield of 8% and a modified duration of 2.4, which mainly belong to the shipping and energy sectors. We feel very comfortable with the latter because we know the companies involved well.

Our US equity index shorts also need to be discussed. As of November 14, these accounted for -48% of the fund's AuM (20% S&P 500, 28% Nasdaq 100). On the one hand, they serve to hedge risk, as we believe we are in the late stages of the current bull market, but they also give us leverage on a trend that we see gaining momentum in the long term, namely the rotation from growth and momentum to value and hard asset stocks. Nowhere is this more evident than in the US.







# Incrementum All Seasons Fund

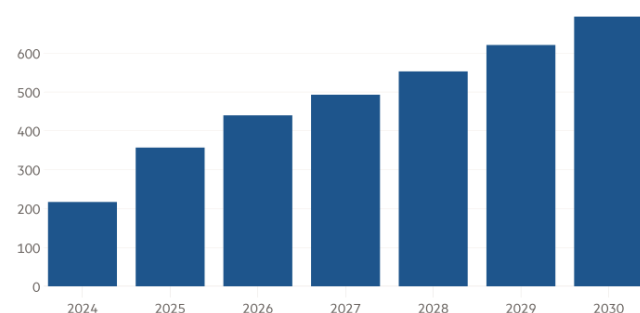
*- in pursuit of real returns -*

Since our launch of IASF a good six years ago, I have believed that we are facing a new period of rising price pressure in the global macro picture, which stands in stark contrast to the environment of falling or low price pressure that has characterised the last four decades prior to 2020. Demographic developments, deglobalisation and, above all, out-of-control growth in government spending are some of the main causes of this.

For many observers, the technology sector represents the hope of efficiency gains and thus deflationary pressure that can at least partially neutralise inflationary trends. Unfortunately, both personal experience (e.g., Microsoft, Reuters and Bloomberg subscription cost are rising at a high single-digit percentage rate annually) and the macro view argue against this. We have already referred above to the accelerating rise in electricity prices, which are a major cost driver in private household budgets. In addition, the business model of the big tech companies has changed significantly. This change is illustrated in the charts below, which reflect the rapidly rising capital expenditure of these companies. In other words, a traditionally "asset-light" industry is becoming increasingly "asset-heavy", i.e. requiring growing investment in hardware.

## Hyperactive

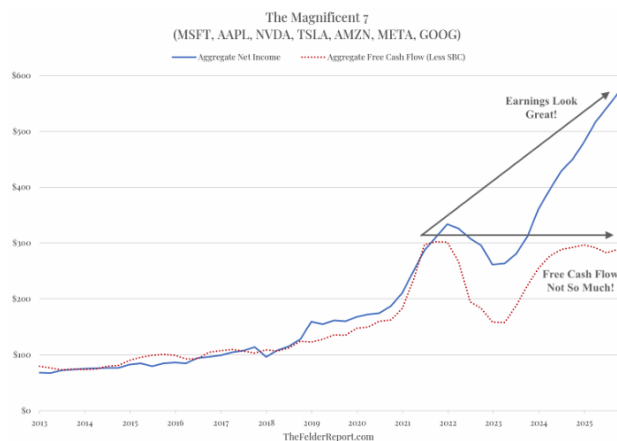
Forecast capital expenditure by AI 'hyperscalers'



Includes Google, Meta Platforms, Amazon and Microsoft  
Source: BNP Paribas

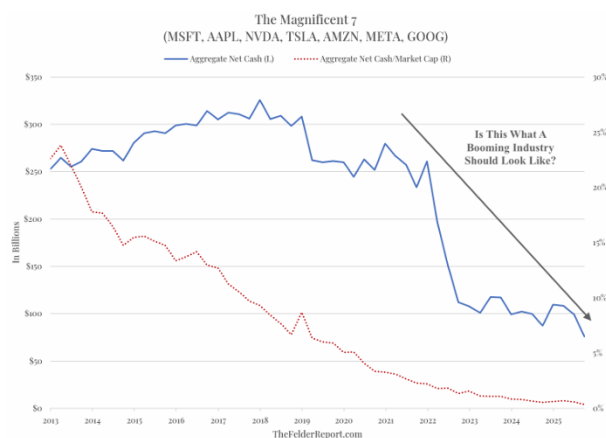
[FT Lex](#), 30OCT25

As the chart on the left shows, analysts expect capital spending by major AI companies to nearly double from \$350 billion this year until 2030. As the chart on the bottom left shows, this rapid increase has already had a negative impact on free cash flows. At the same time, as the chart on the bottom right shows, it is also reducing cash holdings on balance sheets, which traditionally carried little or no leverage and were a hallmark of these companies.



Mag7 profit and FCF

[The Felder Report](#), 5NOV25



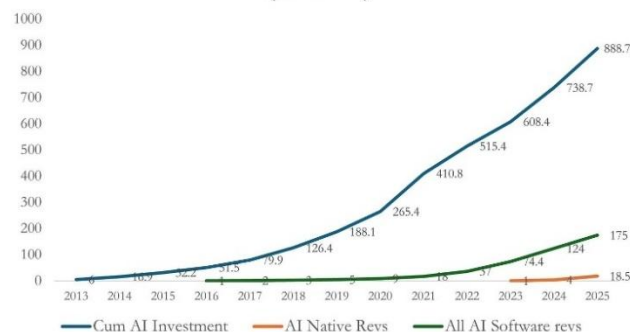
Mag7 net cash aggregated and as percentage of market capitalisation



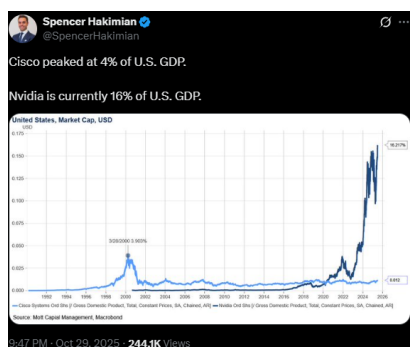


The question therefore arises as to when these investments will yield the expected high or at least appropriate economic returns. At present, capital expenditure is rising significantly faster than revenues, meaning that the AI expansion is reducing free cash flows which is so far offset by other business areas. As a consequence, the question of whether AI-based applications will ever offer sufficient revenue potential is increasingly being debated among analysts.

AI Revenues vs Cumulative Investment (USD bn)



B. Elliott, [Substack](#), 30OCT25

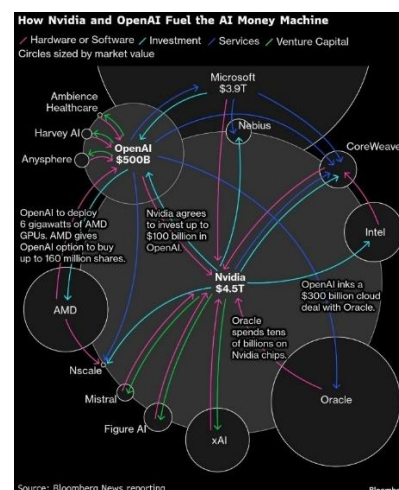


Market weight [CSCO](#) 2000 vs [NVDA](#),  
@SpencerHakimian, [X](#), 29OCT25

At this point, I would like to note that I certainly recognise the value of AI applications and their potential. However, I believe that the market is massively overestimating the revenue and profit potential that can be derived from them medium-term. There are many parallels here with the expansion of the fibre optic network at the turn of the century, which was also a capital-intensive undertaking and ultimately led to a massive oversupply with ensuing drastic falls in user prices. The difference is that the main provider, Cisco (CSCO), was valued at 4% of US GDP at the time, while Nvidia (NVDA) is valued at 16% today.

On top of that comes the increasingly circular nature of AI infrastructure investments by the various players, as illustrated in the adjacent chart under the heading "*How Nvidia and OpenAI are fuelling the AI money machine*".

Here, Nvidia is the main supplier of key hardware (AI chips), and OpenAI the leading AI developer. Nvidia has invested not only in OpenAI (\$100 billion), but also in many of its competitors, giving these companies the means to purchase Nvidia chips. OpenAI, in turn, is heavily supported by Microsoft, but also by private equity, which gives the company the means to absorb its current heavy losses, estimated at more than \$10 billion per quarter.



[Bloomberg News](#), found on [LinkedIn](#)

What will happen to Nvidia's share price when competitors develop and launch new types of chip sets that are similarly efficient but less expensive? – Technical progress suggests this a likely scenario in the not-too-distant future...





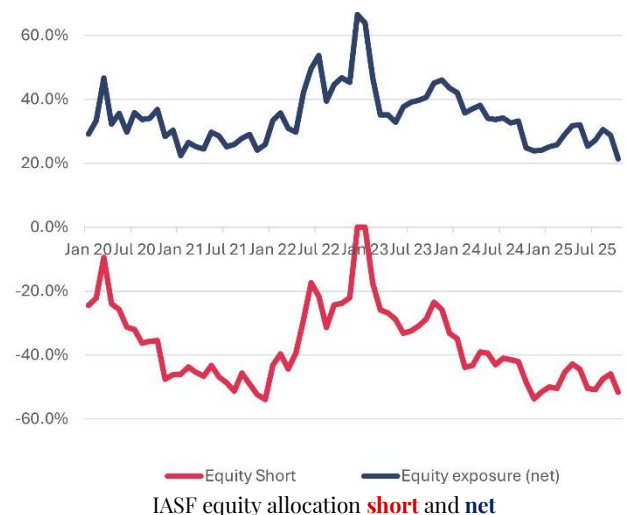
# Incrementum All Seasons Fund

- in pursuit of real returns -

Taking all these aspects into account, I believe there is little doubt that, a quarter of a century after Tech Bubble 1.0, we are now experiencing version 2.0. Technology, media and telecommunications (TMT) stocks now account for 49% of the market capitalisation of the S&P 500, significantly exceeding their previous high of 44% in 2000, shortly before the dot-com bubble burst. And when even the IMF points out in its latest [Financial Stability Report](#) that this increased concentration makes *"the broader benchmark index vulnerable to economic downturns"*, it gives pause for thought. After all, the massive AI investment flows have become a pillar of economic growth, and if they are scaled back, this will also put pressure on the real economy. And if the investments made prove to be loss-making, this will also have consequences for investors, who are heavily involved in the private equity/credit sector.

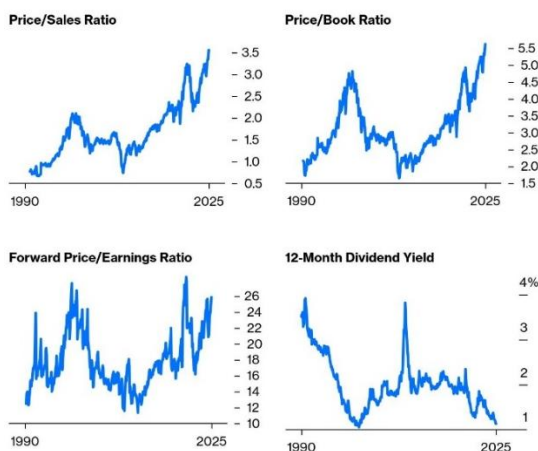
Our US equity short positions, whose historical development is shown in the adjacent chart, thus serve, on the one hand, as an opportunity to bet on the rotation from growth/tech and long duration assets in general to substance, value and the commodity sector. On the other hand, they also serve as a general hedge against stock market risk.

Not only are we in an extremely long bull market, which in my opinion began in 2009, but the US markets are also by far the most expensive in the world.



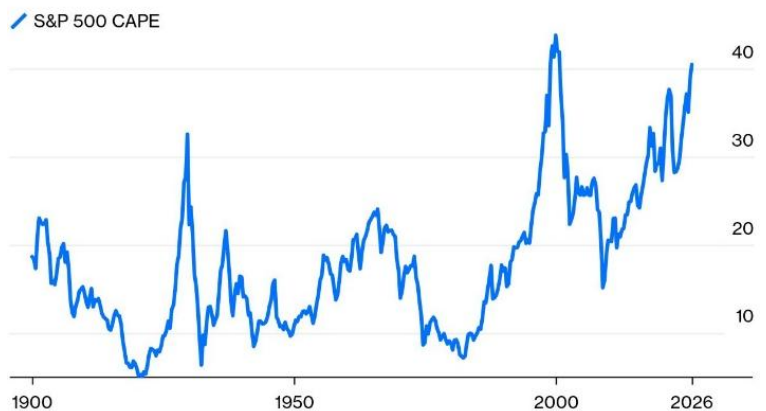
## How Expensive Is the S&P 500? Let Me Count the Ways...

Multiples of sales and book value are at a record; dividend yield is close



## Around the CAPE

The best-known long-term valuation metric is close to its 2000 high



Bloomberg [Points of Return](#), 29OCT25





# Incrementum All Seasons Fund

- in pursuit of real returns -



MSCI World AC Index, last 20 years, Bloomberg

But what about the eurozone crisis, the Covid crash, the 2022 correction. Weren't these all bear markets? - Well, the correction during the GFC lasted from October 2007 to February 2009, a period of 17 months during which the MSCI World Index lost nearly 60%. All subsequent corrections were less pronounced (up to approx. 30%) and generally much shorter. This has given investors the impression that risk hedging is no longer necessary, as every correction represents a buy-the-dip opportunity.

As the fund name suggests, we firmly believe that financial and stock markets are subject to cycles, and as the chart above shows, the upturn since 2009 has proceeded without any significant downturns, which makes the correction potential seem particularly steep. And so, not only with regard to the approaching season (or my advancing age 😊), we see ourselves in House Stark camp with our warning "Winter is coming!"

Or, to quote another fund manager: *"Whether it's extrapolating unsustainable earnings growth, trusting the Fed will always come to the rescue, or refusing to mark asset prices to market, investors in late-cycle booms have a tendency to believe the unbelievable. In our view, we are in another such period, with participants eagerly riding the wave of easy money and seemingly unlimited gains. As past periods of excessive greed and extrapolation have proven, we believe this cycle will end. And when it does, fingers will be pointed, and the truth will be sought. Investors will look to pin the blame on Wall Street, policy makers, and politicians, conveniently forgetting how willing they were to participate and believe—as long as asset prices kept rising."* (Eric Cinnamond, [Palm Valley CM](#), 18NOV25)







## Investor feedback

I have included this section from time to time in the past to present investor questions I have received over the course of the year regarding IASF's investment strategy, policy and implementation. In October, some questions related to the fund's gold (and precious metal) investments, which had seen remarkable price increases in previous months. One comment directed at me in this context referred to this increase and the subsequent correction in the third week of October: *"I would prefer it if my investment in Incrementum (IASF) did not fall by X € just because the price of gold fell back to \$4,000. Then the increase was just an exaggeration. Of course, the flagpole in gold and silver needs to be corrected."*

I can certainly agree with the first statement, but I learned long ago that the outcome of my investment process is not a wish list. The idea that professionals can systematically exploit the upward momentum of an investment in order to exit at the peak is still widespread.

But one only needs to look at momentum and trend-following strategies to realize what a challenge that is. Just take a look at the performance chart of [Man Trend Alternative](#), in which IASF used to have a small investment in its early years. – If even trend followers such as Man plc, with all the resources at their disposal, cannot reliably exploit trends, who can?



[Man Trend Alternative IN H EUR Acc factsheet](#), Man plc

But does the correction in the gold price in the chart below mean that the previous movement was just an exaggeration?



Gold price over the course of 2025 (in USD) and RSI, logarithmic chart, 26OCT25, Bloomberg







In the short term, yes, but the same statement could have been made earlier on the way from \$3500 to \$4380. After all, a glance at price charts shows that long-term trends are often interrupted by short-term counter-movements. Trading-oriented investors may try to take advantage of such movements, but IASF is a fund that typically holds its investments long term.

In fact, such statements reflect the lack of awareness among many investors of the unpredictability of the markets and the lack of perfect foresight that characterises our work. The chart above shows two clear phases of advancement in the current year. The first occurred between January and April, reaching overbought territory several times in the process and leading to a 35% increase. This was followed by a consolidation phase below the \$3500 mark until the end of August, before another rise pushed the price up by a further 25% at its peak. As the logarithmic chart shows, the recent rise was less pronounced and reached overbought levels around the \$3600 mark in the first half of September, which could have been used for profit-taking. – So why didn't we do that?

In fact, we were also surprised at how easily the gold price broke through the \$4000 mark. However, when assessing whether and how long an investment should be held, fundamental considerations always take absolute precedence over technical ones. Combined with our inability to reliably predict short-term trend reversals, we have therefore not made any abrupt changes to our allocation. Instead, such changes are taking place on an ongoing basis, as we have taken profits on rising prices, particularly on the precious metals producer side, in order to prevent our overall allocation to gold/precious metals (ETCs and equities) from rising significantly above the 30% mark, which is the maximum we allocate to this high-conviction investment theme.

I hope this helps to provide a better understanding of our investment strategy and implementation.

Another question I was asked recently is how the individual investment themes contributed to this year's IASF performance. With a portfolio of more than 100 individual positions in different currencies and asset classes, some of which are distributing, and in any case actively managed and reallocated, I can as mentioned before only give an estimate. I calculated this once for the year 2025 up to and including November 14, when IASF was priced at a year-to-date NAV gain of 23.5% for its EUR-I share class. The result contributions are as follows:

- Gold & PM Mining: 10%
- Precious metals (physical/ETCs): 7%
- Shipping: 5%
- Energy: 2.5%
- EM Value: 1.5%
- Miscellaneous: 1.4%
- Other commodity producers: 1.3%





# Incrementum All Seasons Fund

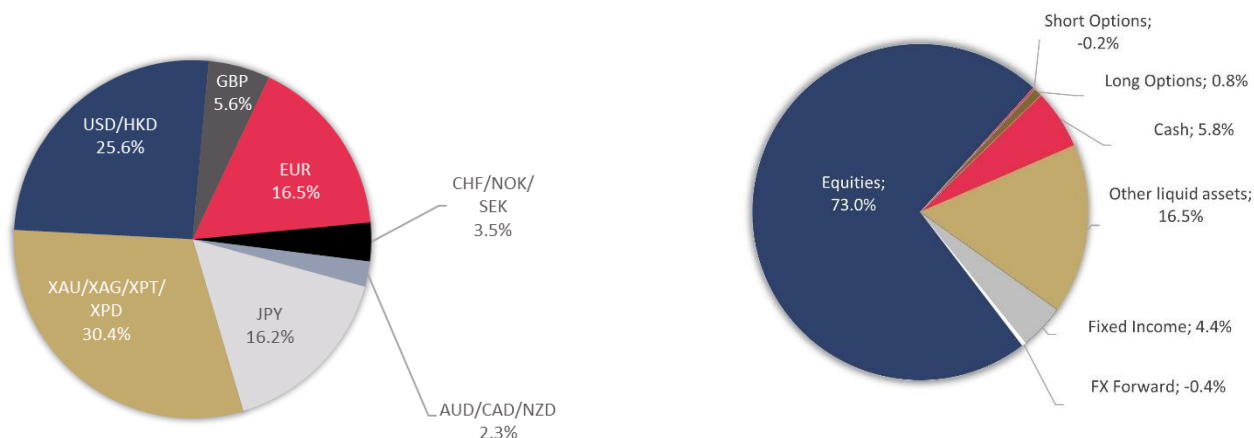
*- in pursuit of real returns -*

- Infrastructure/real estate: 0.9%
- Japan Value: 0.9%
- Growth/Tech: 0.1%
- Short US equity index positions: -8.3%
- Long USD position: -3.7%
- Long JPY position: -0.6%

In sum, these estimates yield a result of 18%. The difference between this and the actual return of 23.5% is due to other currency effects, the inaccuracies in the estimates described above, and last but not least our active portfolio management.

PS: As we have often emphasised, we have long hedged a significant portion of our USD allocation, but not completely, as we have many investments in commodity stocks that typically benefit from a depreciation of the dollar. This influence has already been taken into account in the estimation of the contributions to earnings of the individual themes, which means that this effectively negative currency contribution must also be taken into account.

The current allocation pie charts are shown below for easy reference.





## Concluding remarks



**As a reminder, the views, analyses and forecasts contained in this document are based on current market conditions and reflect the opinion of the author. All information has been compiled from sources believed to be reliable. However, no assurance or guarantee is given as to its accuracy or completeness. *Seasonal Reflections* are issued to registered subscribers for informational and entertainment purposes and do not constitute a recommendation or solicitation to purchase any security or the Incrementum All Seasons Fund. Past performance is no guarantee of future results, and the value of the fund may go up as well as down. If you require investment advice, please consult a licensed investment advisor.**

Seasonal Reflections tend to be like a jigsaw puzzle that I work on for hours at a time over several weeks. So I am relieved when I have put it all together into a reasonably coherent and, hopefully, interesting and informative whole.

Of course, this also involves looking into a crystal ball, as we as investors always seek an answer to the question of whether and when other market participants will share our assessments of individual investments when making decisions. I form this assessment by reading extensively, as it provides me with different insights and perspectives that help me to refine it. And in doing so, I often reach a point where I question the prevailing social system, modern values and even the spirit of the times.

Every now and then, this is expressed by more intelligent people in a way that moves me. So, to conclude, I would like to share with you an essay by Anthony Deden entitled "[The Illusion Of Progress](#)", which was published on November 13 in [Forum Geopolitica](#). His article revolves around the realisation that the traditional understanding of progress – as a real, tangible improvement in human life – seems to have been lost. – Enjoy!

As always, we welcome your feedback [by email](#) and thank all our readers for their interest and our investors for their patience and trust in us.

Best regards from Schaan, Liechtenstein, and happy holidays!

**Hans G. Schiefen**

Partner & Fund Manager

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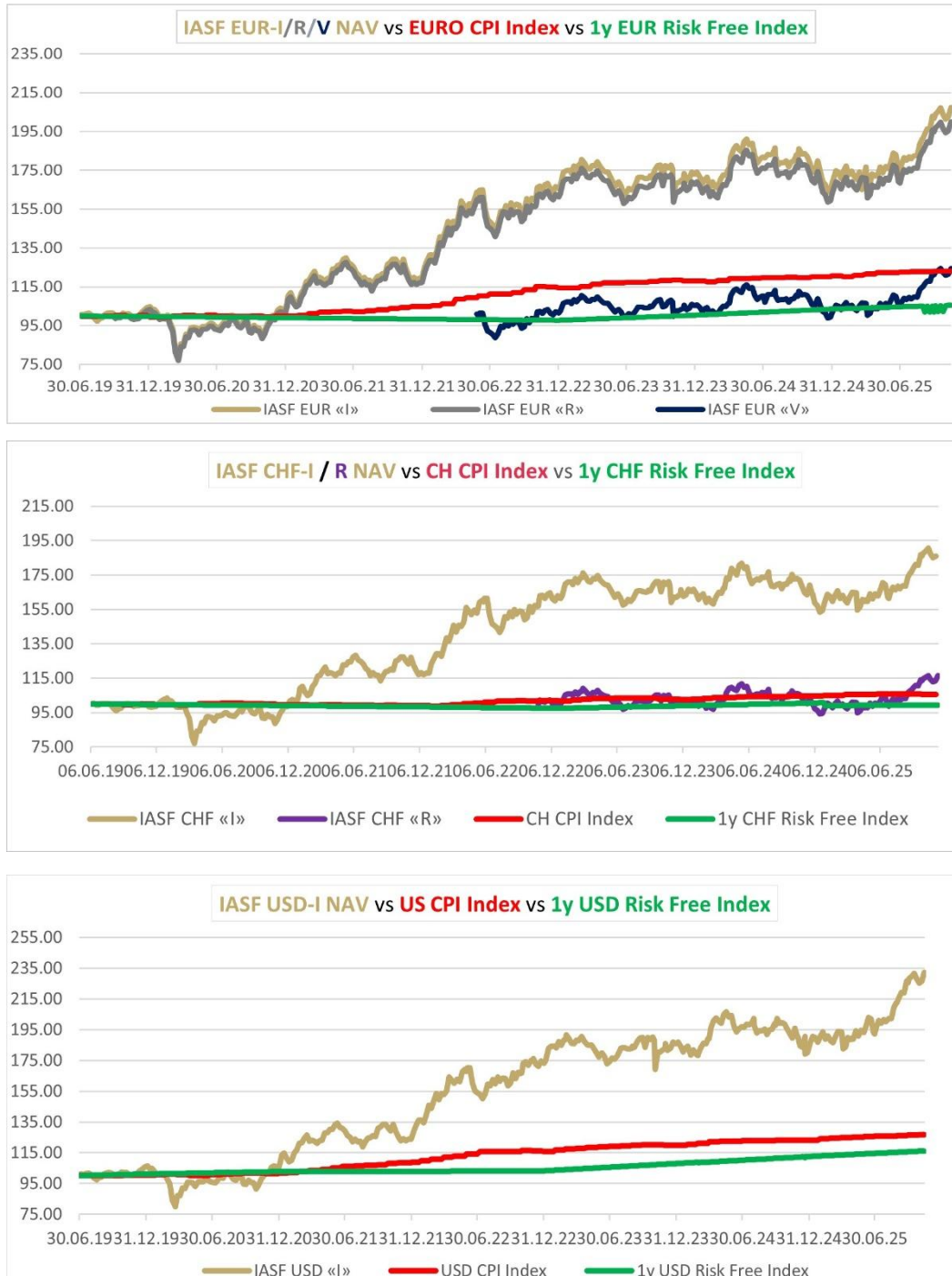




# Incrementum All Seasons Fund

- in pursuit of real returns -

## Appendix



\* The charts show the NAV of the IASF up to the last valuation date (14 NOV 2025), compared with the risk-free 1-year government bond yield and the relevant consumer price index (CPI) in the respective currency as a reflection of the loss in purchasing power since the fund's inception (6 June 2019 for 'I' shares; 26 September 2019 for EUR-R shares, 20 May 2022 for EUR-V shares, 2 November 2022 for CHF-R shares) on an indexed basis.





## IASF PM Shaped By 8 Investment Lessons

1. Capital markets, like the economy, are inherently cyclical in nature, and you must always know where you are in the cycle, while not hesitating to "Be fearful when others are greedy and greedy when others are fearful." (Warren Buffett)
2. Prices paid determine future returns, i.e., the higher valuations are, the lower future return expectations must c.p. be (and vice versa), which is the essence of value investing.
3. Capital preservation is the conditio sine qua non, and a consistent and long-term investment strategy is usually more rewarding than short-term momentum chasing.
4. As a result, you must always know when you trade, or when you invest.
5. The most basic and effective risk management tools are proper diversification and the ability to hold cash.
6. Hard assets are preferable to intangibles, distributions to accruals.
7. Look for the incentives: True alignment of interest works in investors' favor.
8. There is no magic formula for perfect investing. Hence, consider both macro- and micro-economic issues, be diligent, flexible, patient, keep an open mind, and realize that investing will always remain more of an art rather than a science.



### Disclaimer

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