

Dear clients, Dear readers,

October saw further gains in the major stock markets, and we are not complaining.

For the time being, fears of a slowdown in the United States and the political crisis in France have not triggered the slightest (temporary) correction, let alone a panic.

The earnings published by listed companies for the third quarter of 2025 was generally very strong in the United States and slightly better than expected in Europe.

The recent meeting between Xi Jinping and Donald Trump has, at least temporarily, reduced tensions on the Sino-American trade war front.

The macroeconomic environment is somewhat more mixed. In the United States, the Fed (US Federal Reserve) cut benchmark rates by 0.25% last week as expected, while delivering a slightly more cautious message regarding further rate cuts.

Inflation remains contained at around 3%, but the effects of the trade war could push it up in the short term.

The job market is deteriorating somewhat, which could ultimately weigh on consumption.

The shutdown (partial shutdown of US federal government services) has been ongoing for over a month, with no agreement between Democrats and Republicans in sight.

The Trump administration wants to impose savings to partially offset the increase in debt caused by the tax reduction programme.

Economic growth remains very satisfactory for the time being: second-quarter growth was revised to 3.8%, i.e. 0.5% better than expected.

The apparent absence of negative effects from the trade war is striking: consumers seem willing to pay slightly more for their purchases, and companies are absorbing some of the pressure on prices. All this, combined with the euphoria generated by artificial intelligence and its huge potential for development, is only fuelling market resilience and investor confidence.

On closer examination, trends in more traditional sectors are far less impressive, but the weight of large technology companies in stock market indices automatically supports them.

The S&P 500 Equal Weight Index (which includes the 500 largest capitalisations with equal weighting for each component) has fallen considerably behind the traditional S&P 500 Index (each company in the index is represented according to its capitalisation, and technology companies are vastly over-represented).

The valuations of major technology companies are becoming so high that some analysts are beginning to fear the bursting of a financial bubble.

In Europe, the southern countries are on a roll, delivering growth that is almost humiliating for Europe's former top performers (Germany and France in particular).

The economy is a bit sluggish overall, but better than some had feared.

Inflation is under control and Germany's ambitious investment plan in defence and infrastructure is having a positive impact on many countries, including Belgium.

Corporate earnings for the third quarter have delivered few unpleasant surprises so far, and reasonable valuations have supported the markets.



The Japanese market seems to have welcomed the appointment of the new prime minister, Sanae Takaichi, and her (temporary) abandonment of rate hikes, which has reassured investors (a weaker yen makes Japan more competitive).

Emerging markets (including China) have performed particularly well this year, but the level of risk is higher than in developed countries.

Against this backdrop, we are not making any fundamental changes to our investment strategy. We maintain significant diversification both in terms of investment classes and equity sectors in our portfolios.

We will be particularly attentive to any signs of deterioration in the financial markets.

Performance of the main markets in 2025

	October 2025	2025 YTD
EURO STOXX 50	2.39%	15.65%
STOXX Europe 600	2.46%	12.66%
BEL 20	1.70%	14.96%
S&P 500	2.27%	16.30%
S&P 500 Equal Weight	-0.93%	7.25%
NASDAQ 100	4.77%	23.06%
NIKKEI 225	16.64%	31.37%
HANG SENG	-3.53%	29.15%
MSCI EMERGING	4.12%	30.32%
MSCI WORLD	1.94%	18.41%

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