Panta Rhei

Nothing is permanent except change

« They always say time changes things, but you actually have to change them yourself. »
Andrew Warhola, known as Andy Warhol (1928-1987), an American artist and a leading figure in the pop art movement.

Charles BOK
Chief Executive Officer

Dear clients, friends and readers,

I hope you had a good holiday season.
I wish you all and your loved ones a very happy and healthy new year, full of satisfaction and joy! May your dreams become reality and may this year be a calm one for you and - incidentally - the markets.

It is often said that money doesn't buy happiness and that material things are secondary. That's easily said! I would like to consider this further.

I don't want to state the obvious or, worse, come across as a fool! 😊 But why is becoming rich a goal or at least a source of great satisfaction for so many?

Before I share my own thoughts on this topic, it may be useful to consider what it means to be "rich".

For me, it means not having to go without - neither the basics nor the superfluous at times - without money being the key concern. We can be rich due to our education, our culture, our origins, our family, our friends, our health, of course, or through the pleasure of discovering, learning and travelling...

Based on this totally subjective assumption, let's go back to the initial question: what is the point of being rich? Let's try to answer it frankly, without focusing on the obvious and, ideally, with some nuance.

First of all, being rich does not prevent people from being anxious or from facing problems in life. Yet in theory, knowing that we will never want for anything and that our children (or even several generations to come) will be financially secure should ensure our peace of mind. To make things easier, let us assume that we have no particular health issues. Different people have very different criteria for what it means to be rich or for considering themselves to be rich. In any case, it means meeting basic needs: putting enough food on the table and ensuring a decent standard of living. Wealth gives some people a sense of pride, success and fulfilment. Depending on a person's ego, their wealth enables them to compare themselves with others, just as a wealth manager compares portfolio performance to a benchmark. Knowing that we are richer or poorer than Peter or Paul allows us to measure our success in monetary terms. Let's take Elon

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Musk as an example. Do you really believe that his life will change if his total wealth increases by $100 billion or even $500 billion? It would just be a few extra zeros added to an almost abstract amount. But knowing that he is the richest person on the planet probably satisfies his need for recognition, power and authority. Wealth is therefore one of many components of success and, indirectly, of power.

Being rich, and especially if the level of wealth is relatively high, should naturally be accompanied by societal, ethical and/or philanthropic roles. I would even add the duty of educating one's children so that they are aware of their future roles. I do not in any way want to make anyone feel guilty, but do you - like me - think that facilitating access to knowledge and culture and taking part in philanthropic and charitable projects are moral "obligations" that give wealth greater meaning?

Obviously, to launch a project, start a new business or charity, finance one's children's education, or participate in innovative but risky private equity ventures, owning significant wealth is essential and gives one the confidence to invest with ease.

As wealth managers, even though our focus is on the quality of management, helping our clients achieve these goals, at their request, reinforces our sense of a job well done.

Happy New Year! All the best.

Economy - Markets - Strategy : trends

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2025 began with the start of Donald Trump's second term. As soon as he was inaugurated in January, he issued a series of executive orders and decisions to deliver his key campaign promises immediately. He rekindled the trade war by announcing tariffs for some trading partners and threatening others. In terms of immigration and administrative policies, he introduced strong and controversial measures.

In Europe, in response to the US president's unpredictability, in March, the President of the European Commission presented the ReArm Europe Plan, which could leverage €800 billion in defence spending for the continent. Germany followed suit with a €500 billion special defence and infrastructure fund and a long-term reassessment of its defence, with officials suggesting that military spending could remain high over the next decade to build up the country's capabilities. These announcements stimulated European markets, particularly defence and infrastructure stocks.

On Liberation Day in early April, Trump's announcement of a widespread increase in US tariffs sent shockwaves through global markets. These measures, explicitly aimed at reducing the US trade deficit, mainly fuelled instability in global trade. However, Trump back-tracked in May with a 90-day pause to negotiate new trade deals.

In the following months, Trump reached agreements with the United States' main partners (European Union, China, etc.). The negotiations were often punctuated by threats, U-turns and improvised statements, sustaining financial market volatility. Despite some progress, the uncertainty caused by US trade policy weighed on exporting companies and fuelled investor caution throughout the year.

The last quarter of the year saw the longest government shutdown in US history (43 days) caused by the failure of Congress to pass the necessary funding bills. Despite this shutdown and the uncertainty it caused, the stock markets continued to rally, buoyed by hopes of monetary easing in the US, strong corporate earnings and continued strength in artificial intelligence (AI) stocks.

The year once again closed on a strong performance for the global stock markets, which had high valuations at the end of 2025, especially AI-related stocks. These valuations, sometimes built on massive debt and complex financial arrangements, are causing growing concerns about the sustainability of the cycle. However, optimists believe that AI is still in its infancy and that the bull market could continue. Clearly, the market is showing a combination of tech-driven enthusiasm and persistent structural weakness, making 2026 a year of opportunities and risks.

On the monetary policy front, after two interest rate cuts in March and June, the European Central Bank (ECB) remained in a wait-and-see position, with its key rates ending the year at 2%. Across the Atlantic, the Federal Reserve (Fed) cut rates by 0.25% three times (in September, October and December), bringing its target range to between 3.5% and 3.75%.

At the geopolitical level, successive waves of tensions and partial resolutions influenced market sentiment throughout the year. In Ukraine, negotiations stalled amid a gradual erosion of US support under the new administration. At the end of the year, peace talks were progressing, but with no tangible results to date. In the Middle East, after several months of escalation between Israel and Iran, tensions eased faster than expected. Strikes by Israel and the US briefly pushed up oil prices, but in the absence of further escalation, a relative calm returned. In Gaza, Donald Trump imposed a fragile peace by exerting political and military pressure to achieve a lasting cessation of hostilities. However, the situation currently seems rather shaky.

On the commodities markets, gold had an extraordinary year with an impressive rise of 64.6% (in USD) in 2025. Despite this rally, gold remains underpinned by central bank purchases and retains its strategic role in portfolio diversification. Oil prices fell sharply, losing 18.5% in 2025.

The dollar depreciated by 13.4% in 2025, affected by expectations of a downward cycle in US interest rates. This decline was reinforced by Donald Trump's stated desire to encourage a weakening of the dollar to make the US more competitive. All of these factors exerted persistent downward pressure on the dollar throughout the year, and this trend could continue into 2026.

The outlook for 2026 remains positive overall despite an environment of contrasts. Global growth is expected to remain moderate, driven by a resilient US economy and a gradual recovery in Europe. Inflation is continuing its normalisation, paving the way for a further gradual decline in interest rates in the United States. In Europe, our central scenario forecasts stable interest rates, possibly with one final rate cut if inflation were to fall sharply. The equity markets still have upside potential but greater selectivity will be required due to their high valuations. Geopolitics will remain a factor of uncertainty though the markets are now showing a much more muted response to new developments. Discipline, diversification and rigorous risk management will be key to navigating this new phase of the cycle.

Recommended asset allocation for a MEDIUM risk investor in EUR

Asset allocation		Currency exposure	
Total individual equities and equity funds (including real estate)	**48%**	**EUR**	**85%**
European equities	23%	**USD**	**12%**
US equities	21%	**Other**	**3%**
Emerging market and Japanese equities	4%		
Bonds and bond funds	**33%**		
AIFs	**8%**		
Miscellaneous (gold and other commodities)	**5%**		
Cash and money market funds	**6%**		
	100 %		**100 %**

Guidelines for our in-house policy. For many reasons, differences, sometimes substantial, may exist between different portfolios.
Drafting completed on 02/01/2026

Indexes

EQUITIES	2025
EURO STOXX 50	18,29%
STOXX Europe 600	16,66%
BEL 20	19,09%
S&P 500	16,39%
S&P 500 Equal Weight	9,34%
NASDAQ 100	20,17%
NIKKEI 225	26,18%
HANG SENG	27,77%
MSCI EMERGING	30,58%
MSCI WORLD	19,49%

COMMODITIES (in USD)	Gold	Oil (BRENT)	Bloomberg Agriculture
As at 31/12/24	2.624,50	74,64	57,01
As at 31/12/25	4.319,37	60,85	53,44
%	64,58%	-18,48%	-6,26%

BONDS	2025
Bloomberg Barclays Euro Aggregate Total Return Index	1,25%
Bloomberg Barclays US Aggregate Total Return Index	7,30%
Bloomberg Barclays EM USD Aggregate Total Return Index	11,11%

CURRENCIES	USD	GBP	CHF	JPY
As at 31/12/24	1,0354	0,8275	0,9401	162,7800
As at 31/12/25	1,1746	0,8717	0,9307	184,0100
%	-13,44%	-5,35%	0,99%	-13,04%

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