SERENIS

FAMILY CAPITAL

Monthly Markets Chronicles

April 2025

1995 - 2025

Three decades of trust, expertise, and serenity.

A month of contrast and resilience

April 2025 marks a turning point in the profound transformations of the global economy, illustrated by three major dynamics.

First, the balance between economic interdependence and national sovereignty appears to be crumbling. Growing tensions between the United States and China highlight a shift from cooperation to confrontation between models: on the one hand, a globalized economy optimizing supply chains; on the other, a refocusing on securing strategic resources and the robustness of national infrastructure. This situation requires a reassessment of stability mechanisms.

Second, fiscal policies are shifting toward a strengthening of state priorities. Increased spending on defense, energy infrastructure, and critical technologies reflects a growing desire to consolidate strategic assets. These state investments are generating new allocation opportunities, in line with long-term dynamics.

Third, the foreign exchange market is undergoing adjustments that point to a more fragmented monetary regime. The relative decline of the dollar and the rise of other strong currencies indicate a transition to a system where currency diversification will become crucial for portfolio management.

In the face of these upheavals, a rigorous and adaptable analytical approach is essential. This involves prioritizing information, avoiding impulsive reactions to volatility, and adopting a strategic vision that integrates geopolitical, technological, and macroeconomic issues in order to navigate this growing complexity.

Comments of the month of April

April ends on a very different note from how it began. The tone was set in the early days by 'Liberation Day', which sparked fears of a strong comeback of trade tensions. The reaction was immediate: the volatility index (VIX) surged to 52, signaling extreme nervousness, and major indices plummeted.

Fortunately, some openings for dialogue, particularly from partner countries, helped calm the situation. Markets rebounded in the second half of the month.

The Nasdaq, after dropping nearly -12%, ended with a gain of +1.5%, while the S&P 500 limited its decline to -0.8%. The downward momentum seems to be stabilizing, even though U.S. indices remain markedly in the red since the beginning of the year: -5.3% for the S&P 500 and -6.9% for the Nasdaq.

Equity Indexes	Value	MTD	2025
S&P 500 (USA)	5 569	-0.8%	-5.3%
Nasdaq 100 (USA)	19 571	1.5%	-6.9%
Euro Stoxx 50 (Europe)	5 160	-1.7%	5.4%
SMI (Switzerland)	12 117	-3.8%	4.4%
Nikkei 225 (Japan)	36 045	1.2%	-9.6%
CSI 300 (China)	3 771	-3.0%	-4.2%
Currencies	**Value**	**MTD**	**2025**
EUR/USD	1.133	4.7%	9.4%
USD/CHF	0.826	-6.6%	-9.0%
EUR/CHF	0.936	-2.1%	-0.4%
GBP/USD	1.333	3.2%	6.5%
USD/JPY	143.070	-4.6%	-9.0%
Bond Indexes		**MTD**	**2025**
Government USA		0.6%	3.6%
US Corporate IG		-0.0%	2.3%
US Corporate HY		-0.0%	1.0%
Government UE		1.6%	0.5%
UE Corporate IG		0.8%	0.7%
UE Corporate HY		0.1%	0.6%
Other Asset Classes	**Value**	**MTD**	**2025**
Gold	3 289	5.3%	25.3%
Brent Crude	63	-15.5%	-15.4%
Bitcoin	94 581	14.8%	0.9%
Rates / Indicators	**Value**	**∆ MTD**	**∆ 2025**
US 10 years rate	4.16	-0.04%	-0.41%
GER 10 years rate	2.44	-0.29%	0.08%
US Unemployment	4.2%	0.1%	0.0%
Volatility Index (VIX)	24.7	2.4	7.4

In Europe, the scenario was similar: a challenging start to the month followed by a partial rebound. The EuroStoxx 50 closed down -1.7% (YTD: +5.4%), while the Swiss SMI dropped -3.8% but still maintains an annual gain of +4.4%. China, at the forefront of trade tensions, responded firmly to new American tariff measures by raising its import duties on American products to 125%. This countermeasure, among others, contributed to the decline of the Chinese index by -3.0%, reflecting a climate that remains under pressure.

The dollar has not escaped the prevailing nervousness. Battered by political tensions and trade uncertainties, it weakened against major currencies. The euro took advantage, climbing by +4.7%, while the Swiss franc registered a marked increase of +6.6%.

Meanwhile, Bitcoin is regaining strength with a sharp rebound of +14.8%, although it has not yet erased its early-year losses (-9.1% YTD). In contrast, oil has plummeted dramatically (-15.5%), weighed down by fears of a trade war and the announcement of increased production by Gulf countries and their allies.

Our current positioning

The global economic environment remains particularly uncertain in April 2025, marked by persistent geopolitical tensions and cautious monetary decisions from major central banks. Volatility in U.S. equity markets persists, mainly due to the effects of new tariffs and the continued depreciation of the dollar, driven by declining investor confidence. As trade tensions between the United States and China continue to weigh on global economic dynamics, fears of a prolonged slowdown in the United States are growing, fueled by a drop in foreign investment and moderate domestic growth. The uncertain economic climate drives investors to be cautious, reflected by a growing risk aversion and a flight towards safe-haven assets such as gold and certain sovereign bonds.

In response to these uncertainties, the investment committee has decided to maintain an underweight position in U.S. equity markets. This decision is based on the anticipation of a continued downward trend due to the trade war between the United States and China, as well as recent signs of economic slowdown. Conversely, European markets maintain a neutral position, benefiting from relative resilience and renewed interest from international capital flows. Notably, despite the turmoil, some European sectors such as utilities and finance continue to perform positively.

Regarding emerging markets, performance remains mixed, with a strong rebound observed in April (+14.42% YtD), but risks related to the strengthening dollar persist. Currency fluctuations could negatively impact export-dependent economies, particularly in Southeast Asia and Latin America. Nonetheless, the recent appetite for risk suggests that investors are looking to capitalize on more attractive valuations in these regions. Consequently, the committee maintains a neutral position on this asset class, while closely monitoring economic developments.

In the bond segment, the committee is adjusting its position on sovereign debt from overweight to neutral, considering that current yields already incorporate inflation risks. The reassessment of U.S. and European economic prospects calls for greater caution in managing sovereign positions. High-yield bonds are downgraded to underweight due to an increased risk of defaults amid the current economic environment. Rising default rates in some Asian markets and increased refinancing costs keep the high-yield sector vulnerable.

Investment-grade bonds remain in a neutral position, maintaining their defensive role within the portfolio structure. Recent central bank decisions, aimed at maintaining a degree of economic stability without immediate rate tightening, support this positioning. Credit spreads are stabilizing, although the risk of reassessment remains present in the event of significant macroeconomic deterioration.

Strategic themes continue to add resilience to the portfolio. Gold (+25.85% YtD) remains a preferred safe-haven asset, while silver (-3.03% MtD) has experienced a slight correction, although the long-term trend remains positive. Recent reports on increased gold reserves by several central banks confirm the ongoing interest in this precious metal. Uranium and the natural gas ecosystem show persistent volatility, but the potential for a rebound in uranium (+3.79% MtD) is noted. The energy transition, especially in Europe and Asia, continues to support demand for these assets despite increased volatility.

The defense theme remains robust, with a double-digit performance in April (+10.03% MtD), justifying our convictions and confidence. Increasing military budgets, particularly in Europe, strengthen the relevance of this strategic allocation. The exploration of new themes, such as the gradual integration of digital assets or specific commodities, is currently under review by the committee.

Regarding the American Momentum theme, which we integrate through US Small & Mid Caps via a "momentum" ETF, our Committee acknowledges that a thorough reflection must take place to determine whether we maintain this strategic investment. Indeed, its performance since inception has not met expectations, and it will be essential to closely analyze the evolution of economic conditions to make an informed decision at the next committee meeting. For now, we are maintaining this theme, which could benefit from a strong rebound in the coming weeks.

The investment committee maintains a prudent and balanced approach in this complex macroeconomic context. Diversification remains our fundamental pillar for managing risks while striving to capture strategic opportunities. As markets evolve rapidly, we continue to prioritize flexibility in our allocations while remaining vigilant to economic and political signals that could impact our portfolios.

« Core » Portfolio

	% SAA		%TAA
Cash	5%	↗	**10.0%**
Fixed Income	45%	↙	**42.5%**
Investment Grade	20%	=	20.0%
Sovereign Debt	15%	=	15.0%
High Yield	10%	↙	7.5%
Equities	50%	↙	**47.5%**
US markets	30%	↙	27.5%
European markets	15%	=	15.0%
Emerging markets	5%	=	5.0%

« Strategic focus » investments

Themes	**%**	**Since**
Inflation shield		
- Gold	5.0%	29.12.2023
- Silver	0.5%	28.02.2025
Energy abundance		
- Uranium	2.0%	29.12.2023
- LNG	0.5%	28.02.2025
Defense	2.5%	30.04.2024
MidCap US Momentum	2.5%	30.11.2024

Balanced USD Portfolio

Thinking forward:

"The theory of comparative advantage, which underpins the case for free trade, is an elegant piece of economic theory, but it does not tell the whole story. It assumes that markets function efficiently, that there are no externalities, no market power, and perfect information. In reality, these assumptions are often far from being met."

J. Stiglitz in Globalization and Its Discontents (2022)

On October 10, 1984, in Shanghai, a discreet official ceremony marked a significant turning point in contemporary economic history. German Chancellor Helmut Kohl, on a state visit, stood alongside Chinese Vice Premier Li Peng to lay the foundation stone for a Volkswagen factory, symbolizing the first step in an industrial partnership between two nations with divergent trajectories at the time. For Germany, this act was the concrete expression of a strategy of commercial expansion into Asia, while for China, it represented a bold step in the process of economic opening initiated by Deng Xiaoping. This moment heralded a new era of productive globalization, based on the integration of global value chains and the development of strategic interdependence between the West and emerging countries.

This emblematic episode highlights a fundamental issue: the fragility of export-dependent economies in the face of external shocks. In 2025, against a backdrop of resurgent protectionism symbolized by the "Trump Trade War II," this issue takes on particular resonance. Rising tariff barriers, fragmented supply chains, and geopolitical rivalries are challenging the foundations of free trade that have structured the growth of many economies since the 1990s.

Japan in the 1980s perfectly illustrates the excesses of an export-driven growth model. With industrial conglomerates such as Toyota, Sony, and Panasonic, the country dominated global markets in the automotive, electronics, and robotics sectors. In 1989, exports accounted for around 10% of its GDP. However, this performance masked deep imbalances: limited domestic demand, growth that was too concentrated in large companies, and low resilience to currency fluctuations.

The Plaza Accords of 1985, pushed by the US to rebalance trade with its main partners, had a brutal effect on the Japanese economy. The sharp appreciation of the yen, from 260 to 120 to the dollar in three years, significantly reduced the price competitiveness of Japanese products abroad. To cushion the shock, the Japanese authorities implemented an expansionary monetary policy and a fiscal stimulus program. These measures, which appeared logical, fueled a historic speculative bubble in the stock and real estate markets. In 1989, the Nikkei index reached nearly 39,000 points before collapsing in the early 1990s, triggering a long economic crisis characterized by deflation, stagnant investment, and rising unemployment.

Japan's "lost decade," which actually lasted nearly two decades, saw Japan's share of the global economy fall from 14% to 10%. The banking sector was deeply weakened by the accumulation of bad loans, and repeated stimulus policies proved ineffective in the face of persistently weak domestic demand. This experience is a key reference point for understanding the systemic risks associated with an unbalanced growth model.

Today, these lessons resonate strongly in Germany and China, two countries for which exports account for 47% and 18% of GDP, respectively. In an increasingly fragmented trading world, their dependence on external markets appears to be a growing vulnerability.

Germany, Europe's industrial powerhouse, has built its prosperity on specialization in high value-added goods, including high-end vehicles, machine tools, and chemical equipment. This success is based on a dense industrial fabric, labor market reforms in the 2000s, and a single currency (the euro) which, due to its moderate value compared to a hypothetical Deutsche Mark, favors the price competitiveness of German exports. In 2019, its current account surplus reached 5.8% of GDP, an exceptional level for a developed economy.

However, several structural trends are calling this model into question. The rapid upgrading of Chinese industry, particularly in electric vehicles and electronics, is reducing Germany's technological advantage. In 2024, manufacturers such as BYD are now competing with BMW and Mercedes in terms of performance, innovation, and price. Added to this are trade tensions with the United States, where tariffs are weighing heavily on German exporters, particularly in the automotive sector.

The energy crisis triggered by the war in Ukraine has exacerbated these difficulties. The closure of nuclear power plants in 2023, combined with volatile gas prices, has led to an explosion in production costs for German industry, directly affecting its competitiveness. Furthermore, Europe's dependence on Asia for electronic components, particularly semiconductors, has revealed the fragility of supply chains.

Faced with these challenges, the European Union is struggling to adopt a common industrial strategy. The growing gap between the GDP of the United States (US$28.8 trillion in 2024) and that of the EU (US$18.4 trillion) reflects a growing divergence in terms of economic dynamism and technological investment. Germany, as Europe's economic powerhouse, epitomizes this loss of relative competitiveness.

China, meanwhile, represents an even more extreme version of the export model. Since joining the WTO in 2001, it has successfully integrated itself into global value chains, becoming the world's factory. In 2022, its trade surplus stood at $877 billion, driven by exports of consumer goods, green technologies, and electric vehicles.

China's industrial strategy is based on massive investment in technological infrastructure, state support for research and development, and an aggressive trade policy. However, this power hides a major imbalance: persistently weak domestic demand. In 2022, Chinese household consumption accounted for only 38% of GDP, well below international standards.

The crisis in the real estate sector, marked by the collapse of major players such as Evergrande, has eroded household wealth and accentuated precautionary savings behavior. The repercussions on growth are significant: in 2024, the IMF projects Chinese growth of 4.6%, well below the levels seen in previous years. Beijing is attempting to reorient its economy toward consumption, but fiscal and tax incentives are struggling to change deeply ingrained savings habits.

The “Trump Trade War II” is acting as a catalyst for these tensions. Tariffs imposed on strategic products such as steel, batteries, and semiconductors are hampering Chinese exports. In response, Beijing increased shipments before the measures took effect and entered into negotiations for targeted exemptions, signaling an effort to avoid growing economic isolation.

The United States, for its part, draws its strength from a large and diverse domestic market. With only 8% of its GDP dependent on exports, the US economy relies on dynamic consumption, sustained innovation and remarkable adaptability. In 2025, despite trade tensions, data from payment operators point to a continued rise in household spending, supported by a strong labor market and relatively easy access to credit.

US companies, facing the same logistical challenges as their European and Asian counterparts, have responded with agility: partial relocation of supply chains, strategic stockpiling, and increased automation. This resilience reinforces the perception of the United States as a safe haven in an uncertain world, despite high stock market valuations.

A comparative analysis of these four major economies highlights the risks inherent in excessive specialization in exports. Japan experienced a structural collapse following a poorly managed currency shock. Germany and China, although still competitive, face dual pressures: technological and geopolitical. Their resilience will depend on their ability to reorient their models toward domestic demand, diversify their sources of growth, and secure their value chains.

For policymakers, the challenge is clear: to rethink industrial strategies in light of new geoeconomic realities. This means strengthening innovation policies, supporting household purchasing power, developing sovereign digital infrastructure, and promoting regional coordination.

For investors, the economic map is changing. Europe and China offer opportunities for value creation but also present structural and political risks. The United States, despite higher entry costs, appears to be a more stable territory for long-term investment due to its strategic autonomy and entrepreneurial dynamism.

Ultimately, a nation's lasting prosperity depends on a balance between international openness and domestic strength. The era of massive trade surpluses as the sole driver of growth is coming to an end. The future will be shaped by the ability of advanced and emerging economies to build more balanced, inclusive, and resilient models that can withstand the turbulence of the 21st century.

Food for thoughts

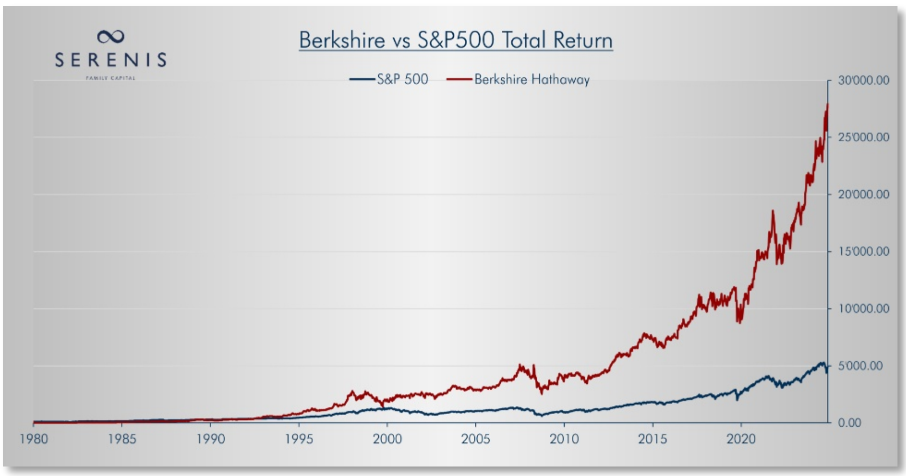
Buffet the unshakeable: lessons in financial wisdom

A legend is retiring! For more than five decades, Warren Buffett has embodied one of the most remarkable careers in modern finance. At the helm of Berkshire Hathaway, he transformed a modest textile company into a global conglomerate with strategic holdings in iconic companies such as Coca-Cola, Apple, and many others. His success is based not only on shrewd investments, but above all on long-term vision and exemplary discipline. At the age of 94, Warren Buffett has announced that he is stepping down.

The chart below eloquently illustrates Berkshire Hathaway's exceptional performance relative to the S&P 500 index since the 1980s. While the US benchmark index has posted respectable gains, Berkshire Hathaway's trajectory stands out for its exponential growth. This outperformance reflects Buffett's unique approach: a buy-and-hold strategy, prudent management, and an unquestionable knack for spotting undervalued opportunities.

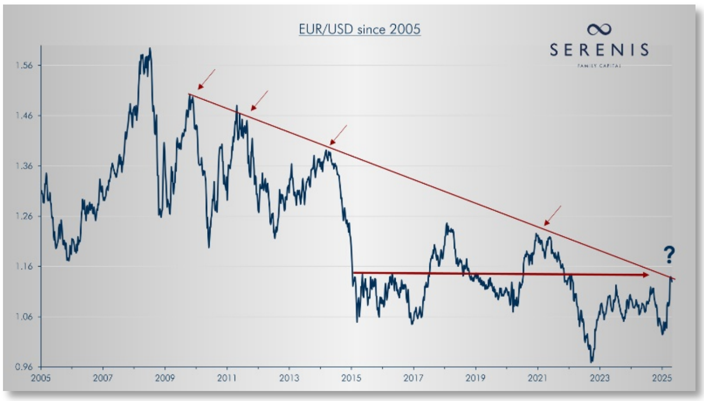
What makes Berkshire's rise all the more impressive is its consistency across economic cycles. While financial crises and recessions have sometimes slowed traditional markets, Buffett's company has not only weathered the storms but often emerged stronger. Far from speculative trends or irrational market movements, Buffett's philosophy is based on creating lasting value and growing assets over time.

For wealthy and savvy investors, Warren Buffett's example is a powerful reminder of the importance of patience, discipline, and integrity in wealth management. In a world where financial strategies evolve at a rapid pace, Berkshire Hathaway's journey teaches us that lasting success is often the result of consistent and thoughtful choices. At a time when many managers are questioning the future of the markets, it is worth remembering that sometimes financial wisdom lies in simplicity and perseverance. Buffett embodies this philosophy, and his success continues to inspire investors around the world.

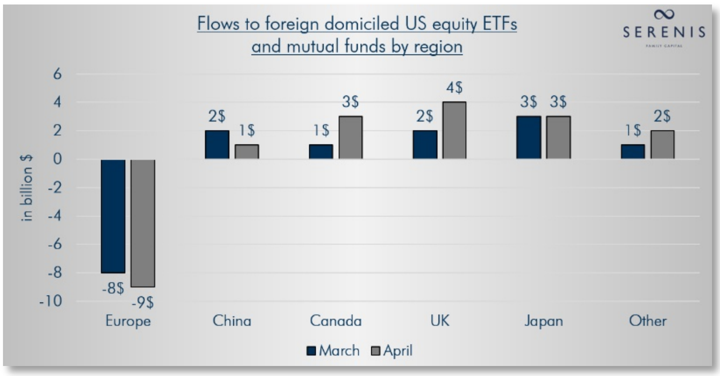


Three charts :

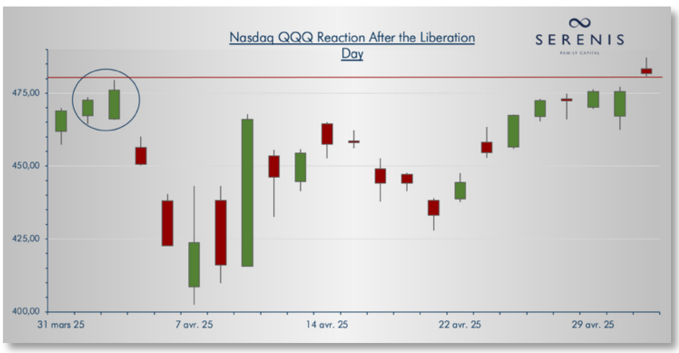
Since the beginning of the year, the USD has lost nearly 10% against the EUR. This sharp movement in just four months has had a direct impact on all EUR-denominated portfolios and is worrying investors. There is even talk of the "end of the dollar." Let's not be fooled and let's not forget the recent past. Just 15 years ago, the EURUSD was trading at 1.50. So, is this a paradigm shift or weakness linked to the current uncertainties?



One of the major themes at the start of this year linked to developments on the US stock markets is the growing disinterest of non-US investors and capital flight, or the repatriation of capital to domestic markets. However, only Europe, albeit to a very marked extent, recorded a net outflow of capital, while all other regions posted positive flows in favor of US equities.



The shock of *Liberation Day* on April 2 is still fresh in everyone's memory. The downward trend, particularly in the technology sector, and increased volatility affected all investors. Then, a certain normalization followed throughout the month as news was relatively reassuring. Ultimately, the NASDAQ ended the month with a positive performance of +1.5%.



“Markets can only be understood backwards, but they must be invested thinking forwards”

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