SERENIS

FAMILY CAPITAL

Monthly Markets Chronicles

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30 | 1995 - 2025

Three decades of trust, expertise, and serenity.

Serenity as a Strategy: Investing Amidst Geopolitical Turmoil

Geopolitics has ceased to be an external variable and has instead become the very framework for all investment decisions. This fundamental shift transforms portfolios into strategic maps, where each position reflects a bet on the future architecture of global power. Capital flows no longer follow the mere logic of returns but instead sketch the contours of a world reorganizing around new fault lines.

The era in which multinationals could freely arbitrate between economic efficiency and geographic location is drawing to a close. Companies are discovering that their ultra-optimized value chains now constitute existential vulnerabilities in a context where the very notion of commercial neutrality is becoming obsolete. This stark realization redefines the parameters of performance: resilience supplants efficiency, and sovereignty takes precedence over profitability.

This month, we first examine the divergent performances between American and European markets, symptoms of escalating geopolitical tensions. Our analysis of current positioning reveals how prudence and long-term strategic diversification respond to this new reality.

Our case study of Apple will then illustrate the impossibility of maintaining a neutral stance between Washington and Beijing as imperial logics clash. In this context, serenity remains our cardinal value: it is neither denial nor forced optimism, but a lucidity that accepts complexity without succumbing to paralysis. It is this active serenity that enables thoughtful decision-making when uncertainty becomes the only certainty.

Comments of the month of May

May marked a clear turnaround in the markets, driven by the opening of negotiations between the United States and China, along with a temporary suspension of certain tariff hikes. This gesture was enough to ease the atmosphere, even though the tariff episode, which has dragged on for several months, continues to fuel uncertainty as reversals remain frequent.

In this more subdued environment, equity markets rebounded strongly. The S&P 500 rose by +6.2% and the Nasdaq by +9.0%, their best monthly performance since November 2023, driven by the renewed favor of technology stocks and more favorable macroeconomic signals, starting with the rebound of +12.3 points in the consumer confidence index, reaching 98 after five months of decline.

Equity Indexes	Value	MTD	2025
S&P 500 (USA)	5 912	6.2%	0.5%
Nasdaq 100 (USA)	21 341	9.0%	1.6%
Euro Stoxx 50 (Europe)	5 367	4.0%	9.6%
SMI (Switzerland)	12 227	0.9%	5.4%
Nikkei 225 (Japan)	37 965	5.3%	-4.8%
CSI 300 (China)	3 840	1.8%	-2.4%
Currencies	**Value**	**MTD**	**2025**
EUR/USD	1.135	0.2%	9.6%
USD/CHF	0.822	-0.4%	-9.4%
EUR/CHF	0.933	-0.3%	-0.7%
GBP/USD	1.346	1.0%	7.5%
USD/JPY	144.020	0.7%	-8.4%
Bond Indexes		**MTD**	**2025**
Government USA		-1.0%	2.5%
US Corporate IG		-0.0%	2.3%
US Corporate HY		1.7%	2.7%
Government UE		0.0%	0.6%
UE Corporate IG		0.6%	1.3%
UE Corporate HY		1.5%	2.1%
Other Asset Classes	**Value**	**MTD**	**2025**
Gold	3 289	0.0%	25.3%
Brent Crude	64	1.2%	-14.4%
Bitcoin	104 598	10.6%	11.6%
Rates / Indicators	**Value**	**Δ MTD**	**Δ 2025**
US 10 years rate	4.40	0.24%	-0.17%
GER 10 years rate	2.50	0.06%	0.13%
US Unemployment	4.2%	0.0%	0.0%
Volatility Index (VIX)	18.6	-6.1	1.2

In Europe, the trend remains positive, though more subdued. The EuroStoxx 50 rose by +4.0%, supported by the resilience of industrial earnings, even as the increasingly firm tariff pressure from Washington weighs on visibility. In Switzerland, the SMI advanced modestly by +0.9%, held back by its defensive heavyweights, which were outpaced by more cyclical stocks.

Meanwhile, the dollar continued its decline against major currencies, with a pronounced drop in the second half of the month. The downgrade of the U.S. sovereign rating by Moody's amplified the move, reigniting doubts about the sustainability of the fiscal deficit. At the same time, the 10-year U.S. Treasury yield rose to 4.40%, amid weaker demand at auctions and persistent tensions surrounding government funding.

On an entirely different front, Bitcoin rose by +10.6% over the month, extending a rally that began in early April. It now boasts a gain of more than 35% from that recovery point, allowing it to reclaim its historic highs, which it had abandoned in January.

Our current positioning

The rapid and spectacular performance of the main US indices this month contrasts with that of European markets, which are slowing down slightly for the first time since the start of the year. However, it is difficult to be blindly optimistic and increase exposure to equity markets beyond what is reasonable, assuming that this rebound will translate into a sustained new bull market. Technically, it must be noted that resistance levels have not been breached and that the long-term uptrend remains intact. But in the current environment, with geopolitical tensions and an open trade war, it would be presumptuous not to maintain a certain degree of humility, and our Investment Committee's position reflects this humility.

The analysis of the current global economic situation is complex, and the direction the markets will take seems closely linked to the future agreements that will (or will not) be signed between the United States and its main partners, primarily China and the European Union. In addition, the effects of future tariffs, regardless of their level, on inflation remain uncertain. Intuitively, higher consumer prices lead to higher inflation. However, falling oil prices and declining real estate values counteract this inflationary trend. Lower energy prices mean lower production costs, which is characteristic of a deflationary trend. In this environment, all economic forecasts are more like a balancing act than mathematical certainties.

Our Investment Committee's decisions are designed to convey a consistent and cautious message. We are therefore making a single slight adjustment to our Core portfolio, returning the High Yield segment to a neutral position (underweight last month) by using half of the double overweight in available cash. We are therefore maintaining a degree of caution, with a slight overweight in cash and a neutral view on all bond categories. With regard to the risky part of our portfolio, we are maintaining an underweight position in US markets of -2.5% for reasons of overall consistency. As we will explain below, our strategic recommendation of 2.5% in US MidCap Momentum puts our total exposure to US equity markets at a neutral level.

On the strategic investment front, we are proud to report very strong monthly performances for all our recommendations. Our four identified and recommended themes are significantly outperforming the markets and are important sources of alpha.

First, the “Inflation Shield” theme is proving its resilience for both gold and silver, with low volatility and low correlation with the main indices. Secondly, our “Energy Abundance” recommendations had a very successful month of May with a strong rebound in uranium.

With regard to the natural gas ecosystem, which is also performing well, the ETF used has been delisted and the Investment Committee has decided to replace it with a platinum ETF. We have identified both technical and fundamental opportunities for this metal, which could follow in gold's footsteps in the coming months. While it used to quote at a premium to gold before 2014, its price per once is now three times cheaper than the yellow metal. This relative cheapness is leading to a demand increase in the jewellery market, namely in China, where consumers look for alternatives to an elevated gold price. The small Platinum supply combined with a potential strong increase in demand could lead to a rapid move to the upside.

In relation with our “strategic security” pocket, we are seeing increasingly widespread adoption in the sector as well as very significant investor flows. Strong government demand, confirmation of military budget increases and the latest earnings releases are all positive signs that will further support these investments in the coming months. Monthly performances are robust and the selected underlying assets have risen by nearly 50% since the beginning of the year.

Finally, we conducted an in-depth review of the “American Momentum” theme and the situation of US small and mid-cap stocks. Our analysis indicates that the White House's policy and decisions will largely favor small and medium-sized US companies. In addition, a loosening of the Fed's monetary policy would be an additional stimulus for the entire sector.

It should also be noted that there have been lively discussions about Bitcoin. As no consensus emerged from our discussions, we have decided not to include cryptocurrency in our portfolio for the time being. It is clear that Bitcoin has now been accepted at the institutional level and even its biggest detractors, such as JPMorgan, consider it a separate asset class to be taken into account when building a portfolio. It is therefore now appropriate to include this asset in discussions with clients, to identify potential investment strategies and to educate ourselves about how it works, its risks and its potential. It could eventually be included in our “Inflation Shield” theme.

« Core » Portfolio

	% SAA		%TAA
Cash	5%	↗	**7.5%**
Fixed Income	45%	=	**45.0%**
Investment Grade	20%	=	20.0%
Sovereign Debt	15%	=	15.0%
High Yield	10%	=	10.0%
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
- Platinum	0.5%	28.05.2025
Energy abundance		
- Uranium	2.0%	29.12.2023
Defense	2.5%	30.04.2024
MidCap US Momentum	2.5%	30.11.2024

Balanced USD Portfolio

Thinking forward:

"If you find yourself between two stools, you'll fall on the floor."

William Camden, « Britannia », 1586

On May 31, 1929, in Dearborn, Michigan, Henry Ford signed a bold agreement with the Soviet Union to transfer plans, machinery, and production methods to build a factory in Gorky, where the GAZ AA truck, a replica of the American Ford AA, would be manufactured. Mass-produced from 1932, the GAZ AA quickly became vital to the Soviet war effort. During the siege of Leningrad (1941-1944), these trucks delivered food and medicine and evacuated civilians under enemy fire and in temperatures as low as -40°C. Their robustness became legendary: capable of running on kerosene and unrefined petroleum, they could even be driven with improvised leather belts replacing faulty parts.

This technology transfer, initially seen as a mere commercial opportunity for Ford, would reveal its strategic significance much later. Washington realized too late the ambiguity of this cooperation: useful before 1945 to support its Soviet ally against Nazi Germany, it became a major vulnerability after the war. The USSR now had a logistical infrastructure and military production capacity directly derived from American know-how—an industrial legacy that would shape the balance of power during the Cold War.

Nearly a century later, history seems to be repeating itself on a scale and with a sophistication that is tenfold: massive technology transfers to China are now revealing strategic vulnerabilities that the West had not anticipated.

Apple, long the world's most valuable company, now faces an existential strategic dilemma, crystallizing the growing geopolitical tensions between China and the United States, the constraints of an ultra-concentrated supply chain, and mounting political pressure from the US. Donald Trump's recent public statements at a summit in Doha urging Tim Cook to bring iPhone production back to the US, followed by a threat of 25% tariffs, perfectly illustrate the intensifying political climate. Behind the apparent familiarity of the remarks – "Tim, you're my friend" – lies a warning with serious consequences. Political patience in Washington appears to be wearing thin, drastically reducing Apple's room for maneuver.

For nearly two decades, Apple has maintained a deep interdependence with China, making the country not only its main manufacturing center, but also an indispensable pillar of its technological development. Thanks to an extraordinarily optimized ecosystem of local suppliers, a disciplined, mobile, and abundant workforce, and unparalleled logistical efficiency, China has become the beating heart of the global electronics industry. This strategy has enabled Apple to achieve exceptional profitability: despite only 20% of the global smartphone market share, it captures more than 80% of the sector's profits.

However, this model, once praised for its boldness and efficiency, is now being challenged by a new geopolitical reality. It is becoming increasingly clear that Apple has not simply taken advantage of this dynamic for the benefit of its customers and shareholders. By adopting this strategy and pushing it ever further, Apple has actively participated in China's industrial emergence, investing heavily in the very creation of the country's technological capabilities. Since 2008, approximately 28 million Chinese workers have been trained thanks to Apple's direct and indirect investments, accompanied by annual investments peaking at nearly $55 billion at their peak. This transfer of know-how and massive investment, often directed toward cutting-edge technologies, has undeniably contributed to China's impressive technological rise in recent years.

This Chinese industrial boom, largely fuelled by massive transfers of know-how from Apple and other Western multinationals, is now causing deep concern in Washington. What was initially perceived as a beneficial partnership is now revealing a clearly deliberate strategy: Beijing has not simply benefited passively from foreign investment but has intentionally orchestrated it to strengthen its technological and industrial autonomy. This meticulous strategy is explicitly part of Xi Jinping's ambitious "Made in China 2025" plan, which aims to make the country technologically self-sufficient. American engineers sent to Shenzhen to supervise and train local subcontractors have unwittingly accelerated the emergence of direct competitors to Apple, such as Huawei, Luxshare, and BYD. These Chinese suppliers now pose a direct threat to US technological supremacy.

Xi Jinping's rise to power marked a turning point in relations between Beijing and Cupertino, symbolized in particular by the letter of apology written in Mandarin by Tim Cook following a media campaign orchestrated by Beijing in 2013. Against this backdrop, Apple can no longer be content with mere economic investments and must find a way to negotiate its political survival in China. The following years saw Apple announce a colossal five-year, $275 billion plan, mainly aimed at further strengthening the Chinese industrial ecosystem. However, these spectacular figures caused deep unease in Washington, as they far exceeded the sums allocated to the US CHIPS Act, which was supposed to reindustrialize the United States. For the current administration and its emblematic slogan "America First," passing ambitious industrial laws while national champions invest more in the main geopolitical rival has become totally unacceptable.

This contradiction clearly illuminates Donald Trump's aggressive rhetoric. The US president has been outspoken in expressing his frustration with Apple's strategic ambiguity. He categorically rejects the idea that India could be a credible alternative to Chinese dependence, viewing this move as a clever ploy to circumvent US demands for reindustrialization. Although Apple regularly highlights India as a symbol of strategic diversification, the reality of this transition remains largely cosmetic. India currently only carries out the final assembly, testing, and packaging (FATP) of iPhones, while critical components remain deeply entrenched in China. This presence in India mainly allows Apple to polish its image, avoid certain US customs duties, and simulate a strategic decoupling from China. This carefully orchestrated communication strategy thus gives the misleading impression of increased autonomy and real diversification, while structural dependence on China remains virtually unchanged.

This complex strategic situation reveals the real challenge facing Tim Cook and puts Apple in a particularly vulnerable position, much more so than its US Big Tech counterparts—Google, Meta, Amazon, and Microsoft—whose primarily digital value chains offer much greater resilience to geopolitical crises. The political risks for Apple are real and immediate. An in-depth antitrust investigation, the imposition of high tariffs, increased regulatory pressure on data management, or even an organized boycott could quickly weaken the company. For its part, China has some formidable levers of pressure at its disposal: targeted power cuts, increased customs inspections, and orchestrated logistical slowdowns.

The Apple case reveals with striking clarity how the logic of economic optimization, pushed to its extreme, can create major strategic vulnerabilities. The trilemma facing the company defies any obvious solution: satisfying Washington inevitably means alienating Beijing, preserving Chinese relations means openly defying America, and any option fundamentally compromises the exceptional profitability that has made Apple the world's most valuable company.

The American awareness, at first diffuse and hesitant, then suddenly crystallized into a national emergency, is radically transforming the strategic equation. What was tolerated, even encouraged, as a simple relocation beneficial to consumers is now perceived as an existential threat to American technological sovereignty. Far from abating, political pressure will only intensify in the coming years, making the comfortable status quo untenable.

Paradoxically, Apple's colossal financial reserves—the fruit of this now-contested strategy—still give it the luxury of time and resources to "think different." The company that revolutionized entire industries could once again demonstrate its ability to turn constraints into opportunities. But the resolution of this historic crisis will define the contours of 21st-century capitalism far beyond Cupertino. Either global companies will succeed in inventing new models that reconcile economic efficiency and geopolitical resilience, or they will be inexorably forced to choose sides in a world refragmented into rival blocs. William Camden's warning, quoted above, takes on a prophetic resonance: in an irrevocably polarized international order, balancing acts are no longer a viable strategy but a dangerous illusion. The era when commercial considerations could superbly ignore geopolitical realities is coming to an end.

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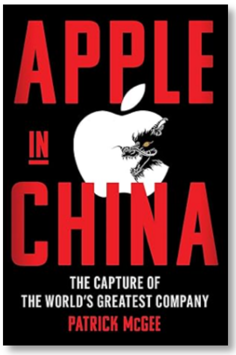
This analysis is enriched by insights from Patrick McGee's Apple in China: The Capture of the World's Greatest Company (2025), a reference work that has profoundly informed our thinking with its wealth of data and sharp geopolitical analysis. This book is essential reading for understanding the industrial and strategic issues shaping contemporary Sino-US relations.



In addition, the documentary video *Soviet Ford Factory in Gorky, Russia. How America Helped to Build Socialism* vividly illustrates the scale of industrial and technological transfers at that time, offering an illuminating historical parallel with the contemporary dynamics analyzed.

Food for thoughts

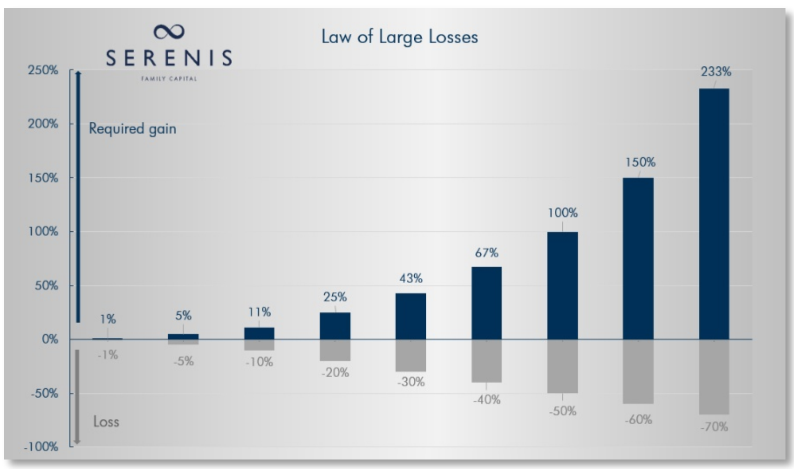
The “law of big losses” – a little math

The “law of large losses” highlights an asymmetry that is too often overlooked: the greater the decline in an asset, the greater the rebound required to erase the scar and return to the initial level. Let's imagine an asset worth 100. If it falls by 20%, which is not that unusual, it is now worth only 80. Returning to 100 will therefore require not a 20% increase, but a 25% increase, because the future percentage applies to a reduced base.

The chart below illustrates this logic: a 10% loss already requires a gain of around 11%; at -30%, it takes nearly 43%; at -50%, we enter the dizzying realm of a doubling in value; and at -70%, the portfolio would have to appreciate by more than 233% just to return to its starting point.

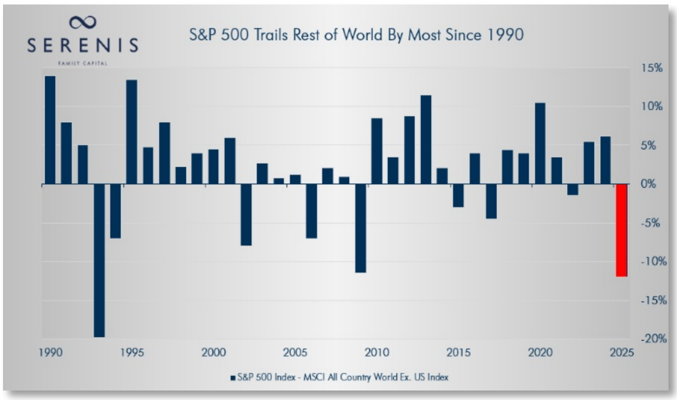
This phenomenon stems from a denominator effect: after a fall, the percentages gained are calculated on a smaller capital base, while the percentages lost were applied to a larger capital base. The required increase therefore grows in a non-linear fashion. The direct consequence is that capital protection must take precedence over the pursuit of spectacular returns. It is better to accept modest, frequent declines than to face a single massive crash; the former can be recovered with reasonable effort, while the latter can immobilize an investor for years or even ruin their wealth strategy.

The law of large losses reminds us why diversification, active risk management and a disciplined exit strategy – whether in the form of stop-loss orders, regular rebalancing or simple rules of caution – are not technical details but the very heart of a sustainable approach. Preserving capital means buying time, and in the financial markets, time is the most valuable ally of performance.

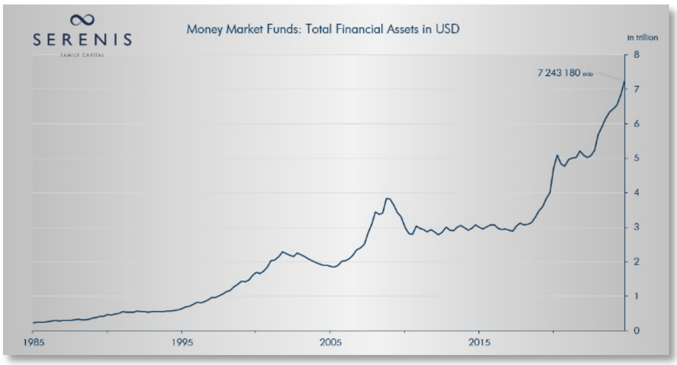


Three charts :

The start of the year has been marked by divergent performances between the US and the rest of the world. The S&P 500 has recorded its biggest negative differential against the MSCI World ex US since 1993, reaching -12 percentage points. Since 1990, only eight years have seen such a scenario. In other words, the S&P 500 has outperformed the rest of the world in more than 75% of the last 35 years.



This year marks a record for investment in the money market. The total amount invested in money market funds currently stands at a staggering $7.24 trillion. US interest rates are encouraging such exposure. Now imagine if a fraction of these investments were invested in the stock markets.



A rollercoaster ride for an American stock! Tesla shares rose more than 33% between Elon Musk's return to the company and May 29. Since then, the stock has lost more than 22%, with a low point of -14% on June 5 during a Twitter battle between charismatic leaders Trump and Musk. On that day, Tesla lost $150 billion in market cap and Musk saw his fortune drop by more than $34 billion in 24 hours.

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

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