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US courts have declared the tariffs unlawful; ongoing legal uncertainty forces business strategies and supply chains to adapt constantly.

02

In-depth analysis and clear metrics help protect investors from emotional decisions.

03

Macroeconomic risks are being cushioned by technological breakthroughs

Shifting Rules, Shifting Markets

The United States has long been regarded as the benchmark of economic stability and reliable trade policy. Yet, since last year, the political landscape has resembled a circus: President Trump has unilaterally imposed sweeping tariffs, many of which courts have declared unlawful. This climate of uncertainty affects companies, consumers, and investors worldwide, resulting in far-reaching consequences.

Between Courtrooms and Boardrooms

Current US trade policy marks a departure from stable and predictable frameworks. On 2 April, 2025, President Trump proclaimed "Liberation Day," followed by a base tariff of 10% on nearly all US imports starting 5 April. Additional "reciprocal" tariffs were enforced from April 9, drawing on the International Emergency Economic Powers Act (IEEPA) of 1977.

On May 28, 2025, the U.S. Court of International Trade ruled these tariffs unlawful. Although a preliminary injunction suspended the measures, they initially remained in effect. The appeal hearing before the U.S. Court of Appeals for the Federal Circuit took place on 31 July, 2025. On 29 August, a 7:4 majority decided that these tariffs grant excessively broad powers to the President. The ruling's enforcement has been postponed until 14 October.

In September 2025, the Trump administration requested expedited review by the Supreme Court, hoping for a final decision before year-end. The opposing parties urge affirmation of the prior ruling, pointing to the risk of substantial refund claims should the tariffs be definitively declared unlawful.

This uncertainty has immediate effects on businesses: Strategies are continuously adapted, partnerships and supply chains are regularly reviewed, investments are deferred, planning reliability fades, and sustainable growth becomes increasingly challenging.

The Dilemma Facing the US Economy

- **Legal Uncertainty**
  The reciprocal tariffs, introduced to penalize trade deficits, remain legally contentious. Appellate courts have already overturned them, and now the Supreme Court will decide. While the fentanyl-related tariffs are likely to stand, those targeting trade deficits could ultimately be invalidated. For the markets, this means months of uncertainty, dampening investment and pressuring supply chains.

- **Economic Side Effects**
  Tariffs are more than abstract numbers, they have a direct impact on the real economy. Retailers face up to 30% surcharges on Chinese-made goods, squeezing margins. In the automotive sector, continued tariffs threaten profit losses between $3,500 and $10,000 per vehicle.

- **Weak Labor Market**
  The US labor market is showing early signs of strain: Only 22,000 new jobs were created in August, with numbers falling below average for four consecutive months. The unemployment rate rose to 4.3%, the highest since 2021. According to the Federal Reserve's Beige Book, employment is nearly stagnant nationwide. Companies are postponing investments and reducing hiring.

The Federal Reserve's Predicament

The central bank faces a dilemma: A weakening labor market demands action, and rate cuts are becoming increasingly likely. At the same time, new tariffs could spark fresh inflationary pressures, making the 2% target elusive.

Fed officials emphasize that no broad inflation surge has yet stemmed from the tariffs. Minutes from the July meeting nonetheless identify tariff-driven price increases as the greatest risk. Markets now expect a rate cut in September with almost 100% certainty, a paradoxical situation of monetary easing despite potential tariff-related inflation.

Implications for Investors

"Tariff policy by decree" demonstrates how political arbitrariness can undermine trust. Yet, global equity markets remain remarkably resilient, trading at record highs. This sends a clear signal: investors are not swayed by political headlines, focusing instead on a much longer time horizon than a single presidential term.

Despite these uncertainties, there are spectacular developments, especially driven by the AI revolution: NVIDIA, the frontrunner in graphics processors, is projected to generate around $200 billion in revenue this year, over 50% growth compared to last year and twenty times more than five years ago. Technological transformation is outshining current macro risks. Hence, the third-quarter 2025 earnings season delivered solid overall growth, driven primarily by companies in the AI sector, which in turn propelled the markets to new record highs.

Those who remain agile, proactively manage risks, and focus on innovative growth sectors can thrive even in turbulent times. The emphasis is on structural trends such as digitalization.

At the same time, the gap between markets and sectors is widening: industries like semiconductors and AI benefit from investment and breakthroughs, while others must reinvent themselves. Careful analysis and flexible capital allocation are necessary to seize opportunities and buffer risks.

Why Calm and Foresight Matter

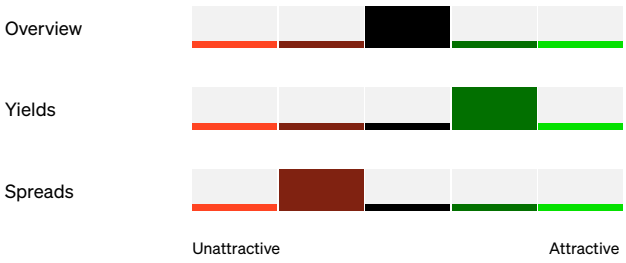
When political turmoil and economic gloom dominate the headlines, investors may feel tempted to react impulsively. But it is precisely calm, considered decisions that make the difference in the long run.

A structured approach, such as our in-house factor model with clear, fundamental metrics, helps filter out emotional fluctuations and focus on stable balance sheets, sustainable business models, and compelling growth prospects rather than politics.

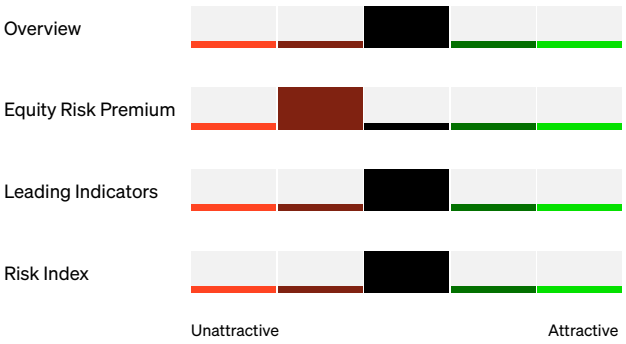
Quality pays off: Sticking to solid fundamentals enables you to spot opportunities and stay the course, even in volatile times. That's why, over the past month, we maintained our tactical allocation and prefer high-quality corporate bonds over traditional government bonds in the fixed income space. In equities, we emphasize Switzerland and defensive sectors like utilities, as well as companies with sustainable quality dividends and a strong focus on artificial intelligence.

Additionally, we consider alternative investments in private markets as a meaningful diversification. Semi-liquid structures can combine return potential and flexibility, contributing to portfolio stability during volatile periods. Through this strategy, we are confident in benefiting from structural trends while managing risks in a controlled way.

Bonds



Equities



Appendix & Disclaimer

SoundInsights is the central tool for our investment allocation. We use it to systematically and consistently assess the aspects that are relevant to the development of the financial markets. As a result, our clients can rely on a rational and anti-cyclical implementation of our investment decisions.

- **Focusing on the essentials**
  Interest rate level, risk **premium**, valuation, economic development, investor sentiment and positioning. These are the decisive factors for success on the financial markets, especially in turbulent times when the temptation to react irrationally to the headlines is particularly strong.
- **Comparability over time and place**
  The factors mentioned above are equally relevant for all markets and at all times. This is the result of a strict «backtesting» process that continues into the future.
- **Cumulating our investment experience**
  Our strength lies in the many years of experience of our partners and principals. It is precisely this experience that we summarize and make it applicable with SoundInsights.
- **Transparency**
  Thanks to our monthly publication, our clients always know where we stand in the investment cycle and how we expect the financial markets to develop.

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