# OYAT ADVISORS – QUARTERLY COMMENTARY

**3Q 2025**

<u>Investment landscape</u>

The third quarter of 2025 saw strong returns across most major asset classes, as the threat of trade barriers somewhat lessened, euphoria related to artificial intelligence (AI) continued unabated, and expectations for central banks to continue to lower interest rates increased.

Regarding trade barriers, many countries have been engaged in bilateral negotiations with the U.S. administration since its initial statement on April 2nd, resulting in a number of deals that have somewhat lowered the initial tariff impositions, including a deal between the U.S. and the European Union in late July. Having said that, the overall impact on the average U.S. tariff rate (using trade basket weights) is only marginally down from about 22% as of the 'Liberation Day' announcement, while the situation remains fluid and uncertain for certain sectors such as pharmaceutical products.

While it is way too early to assess the unforeseen consequences of these newly-erected trade barriers, thus far the impact on economic growth has been more muted than expected, likely helped by the aforementioned negotiations, a gradual phasing in of tariffs, as well as an accommodative backdrop from fiscal and monetary policies. Likewise, U.S. inflation has not shot up, as it appears many companies have thus far chosen to absorb tariffs more so than pass them on to consumers in the form of higher prices. Still, U.S. headline inflation rose by 0.4% for the month of August and 2.9% year-on-year, accelerating from the 2.7% increase seen in July. Lastly, from a geopolitical viewpoint, it is interesting to note that many nations have labored to redirect their exports to other nations, as exemplified by Europe's trade deals with South America's Mercosur bloc, Mexico, Indonesia, the UAE, and India. Likewise, China has been quick to redirect trade flows towards European, Asian, and African markets.

As far as AI is concerned, market optimism carried on unabated, as shown by record concentration levels, with the largest 10 companies (mainly technology stocks) in the S&P 500 now representing nearly 40% of the index, a record high by a long shot. In a way that is reminiscent of past technology bubbles, perhaps the clearest sign that market optimism should instead be seen as euphoria is a number of recent deals, that make one question how much of the AI boom is just Nvidia's cash being recycled. Indeed, the chipmaker has recently engaged in a series of circular deals in which it invests in, or lends money to, its own customers – the latest of which being a USD 100 billion investment in OpenAI to help fund its massive data center build out. Clearly, this is liable to give investors an exaggerated perception of the true demand for AI, to say nothing of its likely return on investment.

Lastly, another factor that contributed to strong returns has been central banks' lowering of interest rates, the most important of which was the Federal Reserve (Fed) which decreased rates by 0.25% in September, its first rate cut of the year, while signaling further easing ahead.

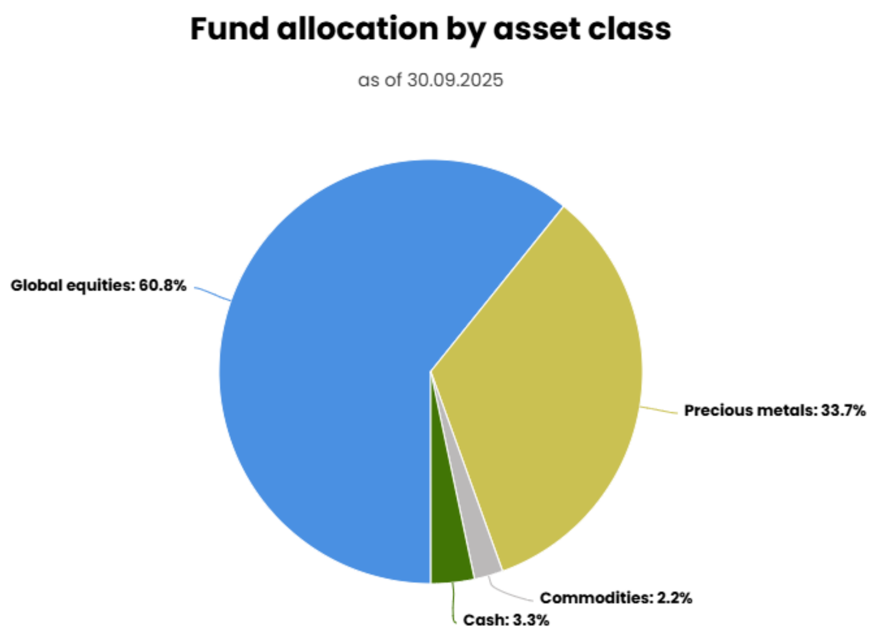
In this context, most asset classes saw strong returns this past quarter. Equity markets were up meaningfully, with notable strength from Chinese technology companies. Bond markets were volatile throughout the quarter, as global political uncertainty and concerns about fiscal deficits preoccupied fixed-income investors. Even so, the Bloomberg Global Aggregate Bond Index ended the quarter up 0.6%, as US Treasuries eventually rallied and credit spreads tightened. The broad Bloomberg Commodity Index ended up 3.7% for the third quarter despite lower oil prices, mainly driven by a strong rally in the price of gold which increased by over 17% (all return figures in USD terms).

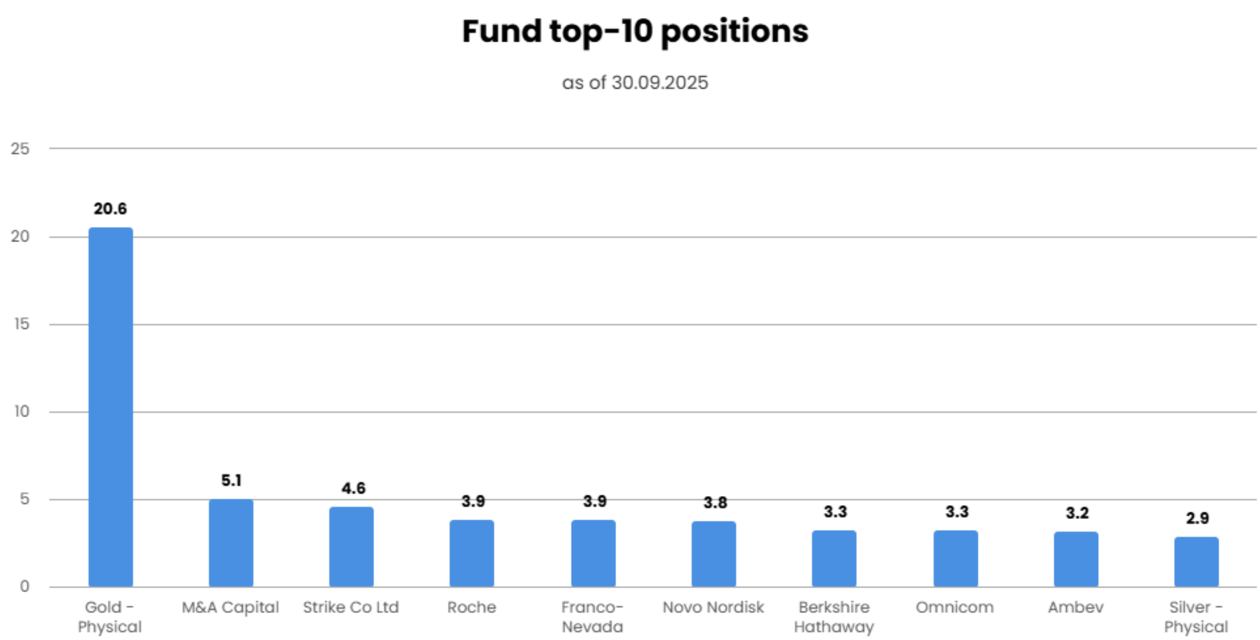
Overall, with equity market indices at record price and concentration levels, we believe that prudent investors would be well-advised to broaden their horizons globally and look beyond U.S. technology mega-caps in search of quality companies trading at reasonable prices.

Likewise, substituting one's exposure to bonds in favor of precious metals, as we've long advocated, has worked incredibly well over recent years. We stand by that conviction, especially in light of a further 1% of rate cuts priced for the Fed over the next twelve months, which presents a real risk that markets are underestimating the potential inflationary impact of tariffs that could still materialize. Still, we must acknowledge that gold has performed exceptionally well, and although not priced excessively relative to monetary aggregates and deficit/debt levels, the exchange ratio of gold relative to other assets has certainly improved.

Asset allocation

The graphs below display the Oyat Investment Fund's allocation of capital across asset classes, as well as the Fund's top-10 positions:



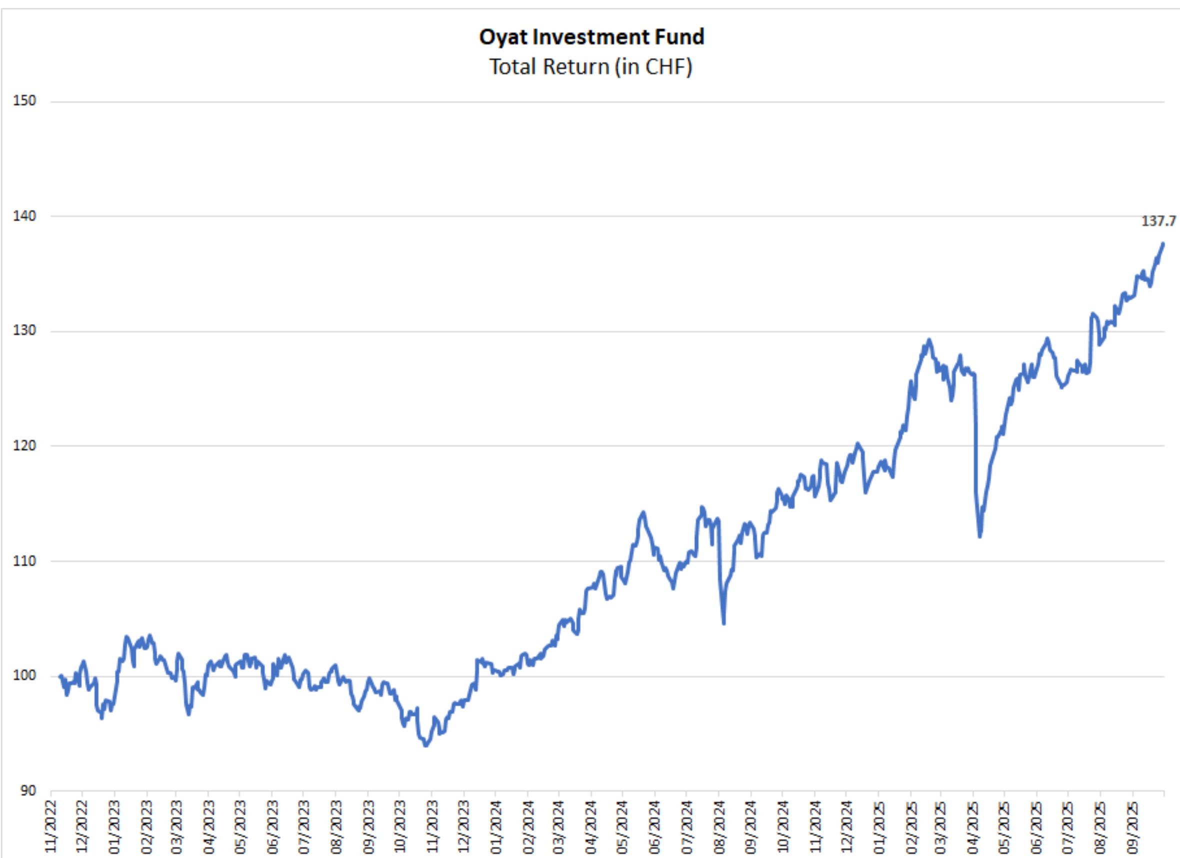
Performance

**Performance and risk metrics as of September 30, 2025, in CHF**

| | Oyat Investment Fund | MSCI World | Lipper Global Equity |
|---|---|---|---|
| **YTD** | 16.4% | 3.4% | 3.4% |
| **2024** | 17.7% | 28.5% | 15.7% |
| **2023** | 3.0% | 13.3% | 8.3% |
| **2022*** | -2.4% | -5.0% | n/a |
| | | | |
| **3 months** | 9.6% | 7.8% | 5.4% |
| **1 year** | 19.1% | 10.9% | 6.0% |
| **3 years p.a.** | n/a | n/a | n/a |
| | | | |
| **Since inception** | 37.7% | 42.9% | n/a |
| **Since inception p.a.** | 11.7% | 13.2% | n/a |
| | | | |
| **Standard deviation** | 9.4% | 11.2% | 14.8% |
| **Sharpe ratio** | 2.04 | 0.97 | 0.41 |
| **Beta** | 0.49 | 1.00 | n/a |

**Inception Date: November 10, 2022*

*Risk metrics are based on 1-year trailing data, Sharpe ratio using a 0% risk-free rate*
*Source: Swiss Fund Data, LSEG*



As we approach the 3-year mark since the Fund's inception next month, we would like to present a new format for reporting performance, which we hope will help readers contextualize the Fund's performance, as well as its indicative risk profile.

We have consequently added a new basis of comparison in addition to the MSCI World: Lipper Global Equity. This represents a peer group of over 6'000 mutual funds that also invest in equities globally.

Moreover, we have added a number of risk metrics highlighting the Fund's volatility and risk-adjusted performance, which can be compared to the global equity index as well as this peer group. These risk metrics are currently based on 1-year trailing data, and will reflect 3-year trailing data as of our next quarterly update.

In the third quarter of 2025, the Oyat Investment Fund returned 9.6% in CHF.

Since inception, the Fund's total annualized return stands at 11.7% in CHF.

Let us now briefly discuss some of the Fund's main performance contributors and detractors this past quarter. Please note that all return figures quoted below are in Swiss francs (CHF).

The largest performance contributor was physical gold, our biggest portfolio position by far representing about 20% of the Fund's assets. In the third quarter of 2025, the price of gold increased by 17%, recording one of its best ever quarters. Little has changed in terms of what has been driving the price of gold higher, as we've discussed at length in prior commentaries. Perhaps the only noteworthy development is that non-central bank investors have finally started to become interested in gold again, as shown by recent gold ETF flows.

Rather, it might be time to take stock of how far gold has come over the past few years, and consider its relative attractiveness with renewed scrutiny. Indeed, with the price of gold having increased over 3x since our first investment in early 2016, and nearly 80% since the Fund's inception in late 2022, it is becoming increasingly important to consider just how much of this 'barbarous relic' we should own, and what we could own in its stead.

Following an updated analysis of gold relative to monetary aggregates and deficit/debt levels, we believe that one shouldn't be overly worried about gold being 'overvalued' at present. Sure, one might make an argument that gold is starting to look increasingly expensive relative to the broad money supply or the Fed's balance sheet. But perhaps the most significant factor, as we and others have argued in the recent past, has been the rise of 'fiscal dominance' over monetary affairs. By and large, sovereign governments have more than counterbalanced a short-lived monetary tightening by putting liquidity back into the market, predominantly via deficit spending. In the US, the latest piece of legislation to come into law is set to enact further tax cuts and additional spending, which could add between $3 and $5 trillion of debt over the next 10 years. As a result, U.S. public debt may reach close to $40 trillion by the end of 2025, and likely $50 trillion within the coming decade.

Thus, it appears clear to us that should monetary inflation continue as expected going forward, it is almost inevitable that the nominal price of gold in fiat currencies will follow that upward trend. Having said that, we must acknowledge that gold is no longer as cheap as it once was relative to these metrics, and even more so relative to other asset prices. As a result, we will likely continue to gradually reduce our exposure to precious metals in favor of reasonably price companies across the globe that meet our high-quality standards.

Our position in Alpha Group was also a major positive contributor in the period, with the share price up over 30% as the company finally got acquired by Corpay Inc. for £42 per share. We consider this price to be fair overall, as we had detailed in our initial article presenting the company, and while we are happy to crystalize this value for the Fund's investors, it is a bit of a bitter-sweet moment to be forced to divest of this great company, which we would have been happy to own for the long-term.

Franco-Nevada was also a strong positive contributor to the Fund's return in the third quarter, as the company benefitted from a fast-rising gold price, as well as positive newsflow regarding a potential reopening of the Cobre Panama mine. As we reiterated in a recent article, the royalty model is extremely attractive in that, fundamentally, it offers a favorable risk/return asymmetry, which typically characterizes some of the best investment opportunities. Royalty companies truly have the best of both worlds: enjoying the full benefit of leverage from rising precious metal prices and miners' expansion potential, while assuming little of the burden/risk of capital expenditures and cost inflation. That is why such companies typically trade at very elevated earnings multiples, reflecting the sizable option value embedded in their contractual agreements.

Other noteworthy positive performance contributors included Strike Co. Ltd., as well as Gentex Corp.

Moving on to the less positive news and performance detractors. Novo Nordisk A/S recorded a weak quarter as the stock fell sharply in late July when the company lowered its financial guidance for 2025. This was prompted by continuing concerns about the use of compounded GLP-1 drugs, as well as increasing competition from rivals such as Eli Lilly. In addition, the company announced a CEO transition which caught investors by surprise. We hold a high level of conviction in our long-term investment case for the company, and as a result we took advantage of lower prices to redeploy some of the proceeds from our Alpha Group investment in Novo Nordisk, which is now the Fund's 6$^{th}$ largest position.

GQG Partners Inc. also contributed negatively in the period, as the company recorded its first ever net monthly outflow in July 2025, followed by another month of negative flows in August, as a result of weaker short-term performance and ongoing allegations against one of its portfolio investments. As we detailed in a recent article, we believe that the GQG's current woes appear largely priced in, and increased our position in the company during the quarter as a result.

Lastly, the stock price of professional staffing company Pagegroup PLC remained under pressure in the third quarter, as it reported weak underlying business conditions in key markets such as Germany and France. Moreover, the company also highlighted a much lower conversion rate amid subdued hiring by corporations, which is hurting its profitability levels and prompting it to adjust its cost base. Despite this weak conjuncture, which has been ongoing for some years now, we believe that Pagegroup is one of the most undervalued assets that we own at present, as assessed by its long-term intrinsic worth. We therefore continued to accumulate shares during the quarter, but with little in the way of near-term positive catalysts, our position sizing remains modest as of today.

In addition to the trading mentioned in the paragraphs above, we also made a number of incremental purchases in positions that, at the margin, had become more attractive and/or were arguably undersized in the Fund. Increases included Alten, Atlas Energy Solutions, Cognizant, and Omnicom.

A number of companies also exited the Fund during the third quarter of 2025. TechnoPro Holdings Inc. was acquired by Blackstone in a deal valued at approximately $3.4 billion, prompting us to divest of the company. We also divested of our stake in IPG Photonics as our level of conviction in our investment case weakened.

We made two additions to the Fund in the quarter, initiating a position in Macbee Planet Inc., as well as Royal Gold Inc.

Macbee is a small-sized Japanese company on a mission to revolutionize the advertising business, as we describe in some detail in this article. Like many digital marketing companies, Macbee is leveraging big data analysis and AI to efficiently help companies develop and place ads, as well as acquire new customers. But Macbee has differentiated itself in multiple ways, including its proprietary model that determines the lifetime value (LTV) of customers more accurately, making it easier for companies to know where, when and how much to invest in marketing activities. While we recognize that our investment in Macbee is higher up on the risk curve, this is counterbalanced by a combination of attractive fundamentals and meaningful undervaluation. Still, as prudent investors, we have kept position sizing at a very moderate level.

Royal Gold is this 3rd largest royalty company worldwide, following its recent acquisitions. As explained earlier, we hold a highly positive view of the royalty business model due to its favorable risk/return asymmetry. Our investment case on Royal Gold is further strengthened by the fact that the company has now grown to a level that is close to large, established peers like Wheaton Precious Metals and Franco-Nevada, which we believe will help to gradually close the large valuation gap that exists between them.

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As always, we would like to thank our investors for their continuing trust in Oyat Advisors.

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