

# OYAT ADVISORS – QUARTERLY COMMENTARY

4Q 2025

## Investment landscape

Market participants had to contend with many cross currents and significant volatility throughout 2025. In the first half of the year, investor sentiment was negatively impacted by the U.S. raising trade tariffs to levels unseen in decades, as well as a very tense geopolitical backdrop. These developments caused a sharp selloff across markets in early April, with both stocks and bonds experiencing meaningful declines. But following a quick recovery, developed market equities ended the year with a return of 22.0% in USD (but only 6.3% in CHF), as investors' focus quickly turned back to the fiscal and monetary stimulus that has been driving the so-called 'everything rally' in recent years and beyond.

Artificial intelligence (AI) remained the dominant narrative driving U.S. equity markets higher, with the communications services and technology sectors significantly outperforming the broader market return. On that topic, we summarize our views on some of the risks relating to the changing structure of the equity market over the next couple of pages. Looking at non-U.S. equities, emerging markets performed particularly well in 2025, including South Korean and Chinese equities. Japanese equities also performed strongly in local currency terms, boosted by the election of a new Prime Minister and hopes of continued reflation of the Japanese economy via increased government spending. This, however, came at the expense of the yen, which continued to decline meaningfully relative to most currencies, with the exception of the U.S. dollar, that declined materially itself throughout 2025.

Which brings us on nicely to the standout performer: precious metals. Gold dominated the headlines with a USD performance of 64% in 2025, as central banks continued to diversify their reserves and gold ETFs saw strong inflows. But the top performer was undeniably silver, which experienced a strong year-end rally to finish the year up nearly 150% in USD. Arguably, this was driven by a growing struggle to settle physical deliveries, which points to the increasingly untenable discrepancy between financial claims on gold & silver and actual physical metal.

Overall, we believe that the investment case for the so-called 'debasement trade', for which we have been positioned for numerous years, remains as strong as ever despite the notable gains of recent years. Our current positioning across asset classes reflects that conviction.

<u>Stock market index</u>	<u>2025 performance</u> (in local currency)	<u>10y bond</u>	<u>Yield</u>	<u>YoY change</u>	<u>FX</u>	<u>YoY change</u>	<u>Precious metals</u>	<u>YoY change</u>
MSCI World (USD)	22%	US	4.18%	-40 bps	USD Index	-10.0%	Gold-USD	64%
Dow	15%	Germany	2.85%	48 bps	CHF-USD	14.4%	Silver-USD	147%
S&P	18%	France	3.56%	37 bps	EUR-USD	13.4%	Gold-CHF	45%
NASDAQ	21%	Italy	3.51%	-4 bps	GBP-USD	7.4%	Silver-CHF	115%
Stoxx	21%	Switzerland	0.27%	-1 bps	JPY-USD	0.3%		
SMI	18%	UK	4.47%	-10 bps	CNY-USD	4.3%		
FTSE	26%	Japan	2.07%	100 bps	RUB-USD	43.8%		
Nikkei	28%							

Source: LSEG. All data as of December 31, 2025.

## The changing structure of the market

Is the market up or down? How did you perform relative to the market? These are questions that most investors are all too familiar with. But what is ‘the market’? That is an interesting line of inquiry, which few people seem to spend much time dwelling on. Yet, it is crucial to understand how the stock market has evolved over recent decades, as well as the numerous implications this has for investors.

Focusing on the U.S., the story of stock market indices begins in 1896 with the Dow Jones Industrial Average (DJIA), which simply averaged the stock price of just 12 major companies across key sectors (it was then expanded to 30 companies since 1928). Then, in 1957, the S&P 500 index was established, followed by the technology-focused NASDAQ composite in 1971. These were not only much broader in scope, but radically different because of their index construction methodology, which weights components by market capitalization. This means that the larger a company, the greater its weight and therefore impact on the index’s performance. The introduction of market capitalization weighting, in conjunction with other developments, is undoubtedly one of the root causes of the changing structure of the stock market, as discussed in more detail below.

Another key development occurred in the 1970s, with the creation of the first index funds, which are mutual funds that track the performance of a specific index. This was followed by exchange-traded funds (ETFs) in the 1990s. It is hard to overstate the impact that these vehicles have had in making investing in the stock market more accessible, and at a massively lower cost – undeniably positive outcomes. Yet, as is often the case, this has also had a number of unforeseen consequences, which are more problematic in nature.

The combination of broad market indices with the ability to absorb an unlimited amount of capital, together with the growing accessibility of low-cost products, has unquestionably had a massive impact on investment flows in favor of so-called ‘passive’ investing. According to the latest [Global Asset Management Report](#) by BCG (pg. 9), the market share of passive products has increased two-fold over the past decade, to nearly 40% of assets invested in mutual funds and ETFs globally. Other sources such as [Morningstar](#) indicate that passive funds have already overtaken active ones globally, with the U.S. market leading the way at approximately 54%.

Further incentives in favor of passive investing were created by way of regulation<sup>1</sup>. One might also argue that as a result of these developments, many ‘active’ investment managers have gradually [moved closer to their respective benchmark index](#), due to career risk and the difficulty of ‘beating’ this rapidly-morphing market. Lastly, one may point out to the generational change in perception towards investing, with a clear preference for easily-tradable, low-cost passive investment products.

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<sup>1</sup> For example, the Employee Retirement Income Security Act of 1974, the Pension Protection Act of 2006, and the SECURE 2.0 Act of 2022 created strong incentives for retirement savings (representing some \$46 trillion in assets) to be invested in passive index funds and similar low-cost options – in terms of fiduciary risk, diversification requirements, pressure to minimize fees, as well as automatic enrolment mechanisms. Another key regulatory incentives relates to the [substantial tax advantage](#) that ETFs benefit from in the U.S., due to the [in-kind redemption process and use of so-called ‘heartbeat trades’](#). Last, one may also point out to the mandatory [‘benchmarking’](#) of mutual funds, introduced by the SEC in 1993, which incentivizes active investors to manage their fund’s assets in relation to a benchmark index.

Why is any of this problematic, we hear you ask?

The central issue is rooted in the market capitalization weighting of most indices, which, together with the sheer magnitude of flows that have migrated to passive investment products, creates a very powerful self-reinforcing mechanism. Thus, the larger a company's weight in the index, the larger a fraction it gets of historically fast-growing flows, resulting in an even larger market capitalization. As many will recognize, this essentially amounts to a momentum strategy.

This phenomenon is readily observable by looking at market concentration levels, as we've discussed in past commentaries. As of today, the largest 10 companies (nearly all technology stocks) in the S&P 500 represent [nearly 40% of the index](#), which is meaningfully above former peaks. Another way to look at market concentration is the combined weight of stocks that represent 3%+ of the index, which used to fluctuate between 0-10% for many decades, before breaking out to [over 30% currently](#) (pg. 8). Further evidence of the positive feedback loop we've described can be found in [valuation levels](#), as well as the [factors](#) that have been driving market returns, with 'growth/momentum' clearly dominating relative to 'value' over recent decades.

The main problem that results from this changing market structure is that it hinders the central function of investing: the efficient allocation of capital and the competitive pricing of assets, taking into account fundamental considerations and risks. Over time, the gradual erosion of this vital function can have real economic impacts, as it affects companies' cost of capital and thus the economics of the projects they undertake. Social impacts such as wealth inequality also arise, as a result of stock-based compensation for example, as shown by the first-ever \$1 trillion stock compensation package recently approved by Tesla's shareholders (which is partially contingent on reaching certain market capitalization milestones).

In addition to the aforementioned concentration, valuation, and fundamentals risks that arise from a market that is metamorphosing into a 'passive machine', we should highlight other risks that may prompt investment flows to reverse, which would be quite perilous for today's markets. One such risk is actually valuation itself, as it is not inconceivable that there could be an extreme valuation level at which flows suddenly reverse. Another cause for concern relates to demographics, and the sheer magnitude of retirement savings that has been invested in passive products. Should the net flows of pension plans turn negative as a result of retiring baby boomers or rising unemployment due to a recession, this would in turn reverse flows out of passive products. External shocks, for example related to the yen carry trade, could also prompt consequential changes in investment flows.

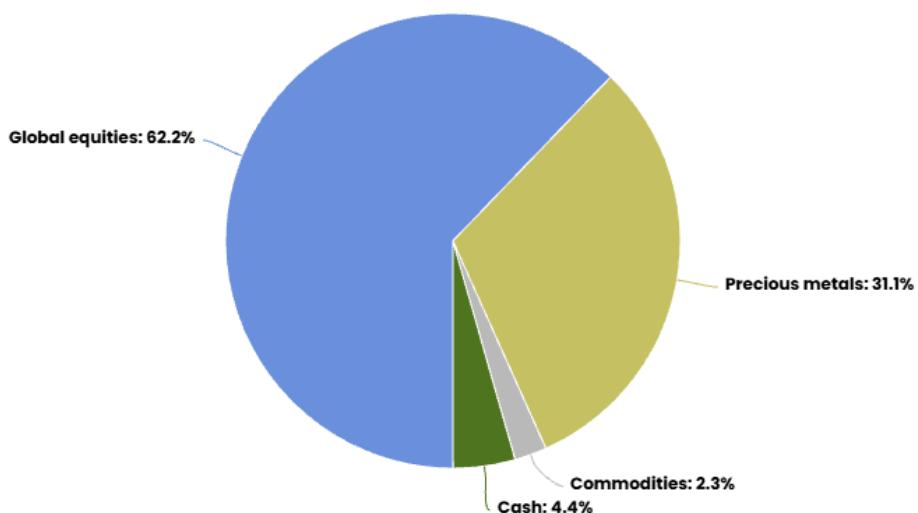
To sum up, the stock market has evolved meaningfully over recent decades, with the share of passive investments growing rapidly. The combination of market capitalization weighting and increasing investment flows has produced a powerful positive feedback loop, resulting in risks related to concentration and valuation levels, fundamentals, as well as a potential reversal in flows. What is one to do in the face of this reality? Well, to each his own, but it seems to us that if one's preference is to invest broadly and at the lowest possible cost, then [avoid self-destructive behaviors](#) and really invest passively in order to capture the full market return. The use of equal-weight funds/ETFs might also prove prudent in view of current risks, and by virtue of their long-term [outperformance](#) relative to their market cap weighted counterparts. For active investors, Oyat's chosen pathway rests squarely on investing in high-quality businesses, valuation discipline, adequate diversification, a focus on less competitive niches of the market, charging reasonable fees, and aligning interests by having 'skin in the game'.

## 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:

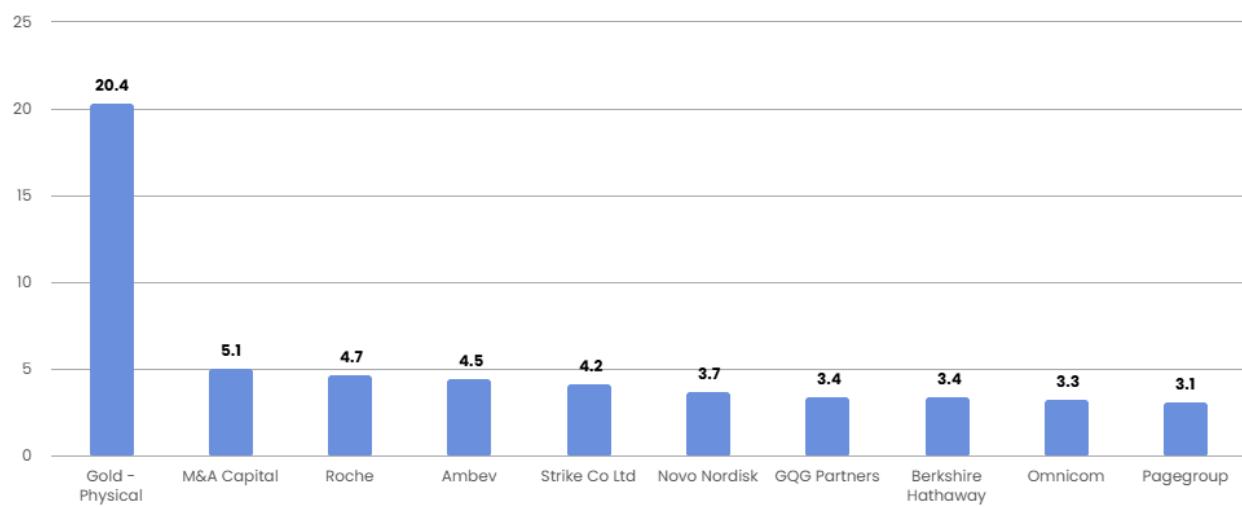
### **Fund allocation by asset class**

as of 31.12.2025



### **Fund top-10 positions**

as of 31.12.2025



## Performance

Performance and risk metrics as of December 31, 2025, in CHF

	Oyat Investment Fund	MSCI World	Lipper Global Equity
<b>2025</b>	19.7%	6.3%	5.6%
<b>2024</b>	17.7%	28.3%	15.7%
<b>2023</b>	3.0%	13.2%	8.3%
<b>2022*</b>	-2.4%	-5.0%	n/a

<b>3 months</b>	2.8%	2.8%	2.1%
<b>1 year</b>	19.7%	6.3%	5.6%
<b>3 years p.a.</b>	13.2%	15.6%	9.8%

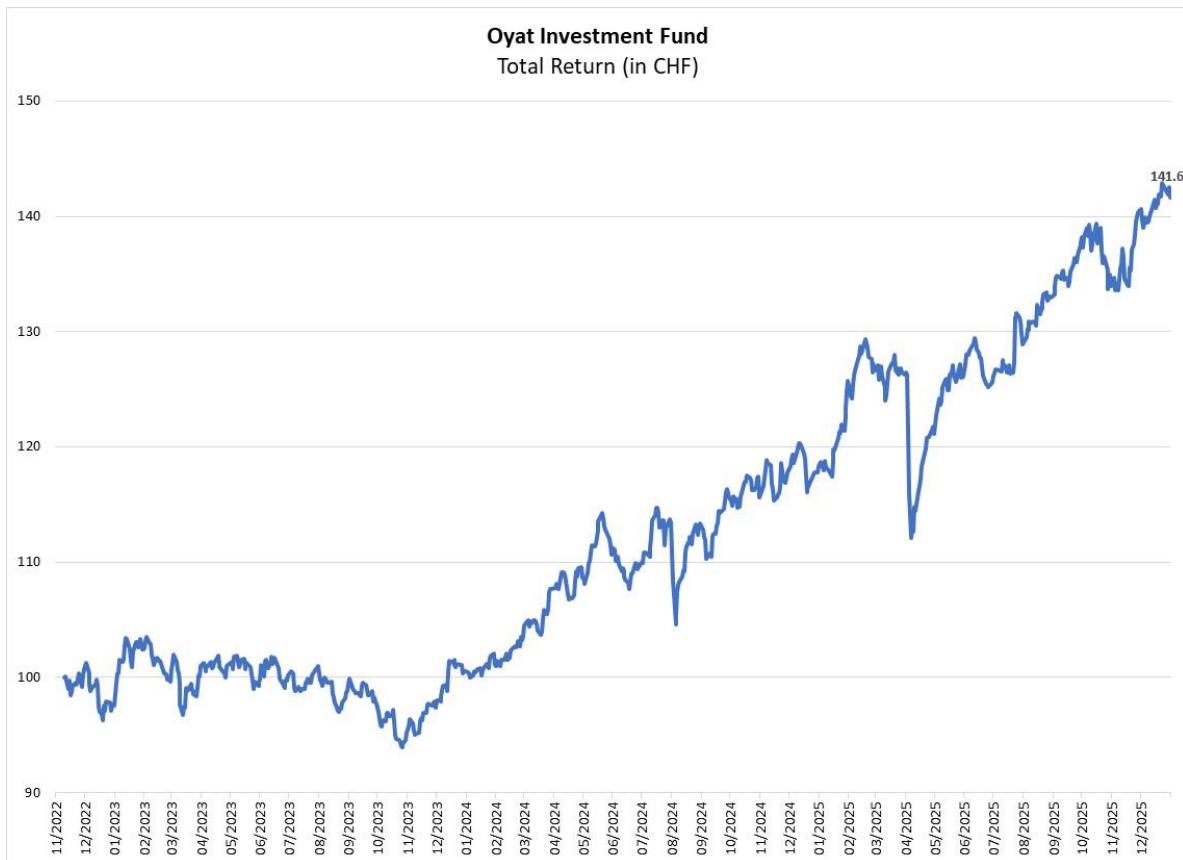
<b>Since inception</b>	41.6%	46.8%	n/a
<b>Since inception p.a.</b>	11.7%	13.0%	n/a

<b>Standard deviation</b>	8.5%	11.6%	12.9%
<b>Sharpe ratio</b>	<b>1.56</b>	1.34	0.76
<b>Beta</b>	0.45	1.00	0.82

\*Inception Date: November 10, 2022

Source: Swiss Fund Data, LSEG

Risk metrics are based on 3-year trailing data, Sharpe ratio using a 0% risk-free rate



In the fourth quarter of 2025, the Oyat Investment Fund returned 2.8% in CHF.

For the full calendar year, the Fund returned 19.7% in CHF.

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

The Fund reached its 3-year mark this past November, which provides us with an opportunity to assess our long-term track record, such as it is. Are we meeting our absolute return target of 10%+ annualized since inception? Perhaps more importantly, yet harder to assess, are we achieving this return while keeping risk firmly under control? And as a secondary consideration, how do we compare in terms of risk-adjusted returns relative to the MSCI World and Lipper Global Equity peer group?

Our annualized total return since inception stands at 11.7%, nearly 200 basis points in excess of our target. We believe that the level of risk assumed by the Fund is relatively low, by virtue of our focus on high-quality companies and valuation discipline for our investments in public equities, adequate diversification, and due to our sizable allocation to physical gold. While certainly not a measure of risk, but perhaps as an indication of it, the volatility of the Fund's returns is below average, with a 3-year trailing annualized standard deviation of 8.5%. The Fund's risk-adjusted returns (based on 3-year trailing data) also compare quite favorably relative to the MSCI World, and rank very highly (98<sup>th</sup> percentile) within the Lipper Global Equity peer group.

Let us now briefly discuss some of the Fund's main performance contributors and detractors for 2025. Please note that all return figures quoted below are in Swiss francs, unless stated otherwise.

Physical gold was the largest positive performance contributor by far, increasing by a rather stunning 45% in 2025, its largest yearly increase in decades. Representing about 20% of the portfolio on average over the year, this resulted in a handsome performance contribution for the Fund. As always, it is difficult to attribute this rise in the price of gold to any single factor, with all of the previously discussed drivers still very much intact. These include geopolitical tensions and robust buying from a number of central banks, which has increasingly been supplemented by non-central bank investors. Ballooning debt levels and large budget deficits also continue to support the price of precious metals, by way of debasing the fiat currencies in which they are priced. Exacerbating the situation further, many central banks have lowered interest rates throughout 2025, and the Fed also restarted monetizing debt at a rate of close to half a trillion a year, leading to lingering worries about inflation. Last but not least, 2025 saw the precious metals market increasingly struggle to settle physical deliveries, which points to the increasingly untenable discrepancy between financial claims on gold & silver and actual physical metal. This was evident in the first quarter with an unprecedented strain facing the London Bullion Market Association (LBMA), and even more dramatically at the end of the year with silver and the U.S. COMEX. Overall, as we discussed in more detail in our 3Q25 commentary, our positive view on the investment case for precious metals remains unchanged, but we will continue to gradually take profits from past gains as appropriate, and redeploy proceeds into reasonably priced companies across the globe that meet our high-quality standards.

Our position in Alpha Group was also a large positive performance contributor, increasing by over 70% on the back of the company's strong profitable growth, and eventual takeover offer by Corpay Inc. To state the obvious, not all of our investments work out quite so spectacularly, or in such a short timeframe. But this one truly illustrates many of the key aspects of our investment process for global equities, including solid business fundamentals, reasonable valuation (at the time of purchase), a pristine balance sheet, and substantial growth potential. Other positive factors included a strong corporate culture and ownership structure, as well as the fact that the company was a fairly small and under-covered stock at the time of purchase. Last but perhaps most importantly, we judged that there was a clear risk/return asymmetry relating to the company's ability to earn interest income on clients' funds, little of which appeared priced into the stock. Ultimately, our investment case in the company crystallized in an accelerated fashion due to a takeover offer at a price that we believe to be fair, resulting in a solid performance contribution.

Returning to precious metals, physical silver also contributed positively, with a powerful rally at the end of the year pushing the price up 115% in 2025, its largest yearly increase in over 40 years. While it only represented approx. 2% of the Fund's assets on average over the year, it nonetheless resulted in a meaningful performance contribution. The inclusion of physical silver to the Fund follows the same reasoning as for physical gold, and we classify it as a precious metal in our asset allocation graph. But silver is both a precious metal and an industrial commodity, being used in a wide range of applications including electronics manufacturing, solar energy, electric vehicles, and medical devices. From a fundamental viewpoint, silver's demand/supply dynamics have been worsening for a number of years, with a steady decline in production resulting in a 5<sup>th</sup> consecutive year of production deficits, leading to diminishing stocks above ground. It should be noted that supply is rather inelastic to higher prices, due to the fact that less than a third of the world's silver is mined as a primary commodity (most comes as a byproduct of mining lead, zinc, copper, and gold). Moreover, from a geopolitical viewpoint, major countries such as the U.S. have recently recognized silver as a 'critical mineral', while China – which accounts for 60-70% of the world's *refined* supply (but only 10-15% of mining output) – further tightened silver exports as of the start of 2026. And last but not least, there is the increasing struggle to settle physical deliveries and the growing discrepancy between the price of financial claims on silver and the price of the actual physical metal. Starting in September, the LBMA and COMEX started facing major inventory drawdowns as investors increasingly asked for delivery rather than opt for a cash settlement. Then just as the drain on inventories was accelerating, JP Morgan reclassified 134 million ounces of silver from 'registered' (available for delivery) to 'eligible' (held but not offered for sale) in early December, and speculation arose that the bank had switched from a historic net short position to being net long, while other banks were being short squeezed. Overall, the price of silver rallied very strongly as the year came to a close, which prompted the COMEX to increase margin requirements aggressively in an effort to quell speculative buying. Seasoned observers of the silver market will recognize this as the typical playbook that stopped the bull run of the 1970s in its tracks. Back then, the margin requirement was raised to nearly 100% of the nominal value of the contract (vs. only approx. 10% as of Jan. 2<sup>nd</sup> 2026), effectively eliminating leverage altogether, and an absolute limit on silver futures exposure was introduced. So let this be a word of warning to silver longs: there is still a lot that the COMEX can, and probably will do, in order to try and temper speculative buying.

But fundamentals do matter as well, and in our view, silver is not excessively priced, whether intrinsically or [relative to gold](#).

Other positive performance contributors included Roche, our exposure to precious metal companies (i.e. Franco-Nevada, Royal Gold, GDX and GDXJ), as well as Shift and TechnoPro, to name a few.

Moving on to the less positive news and performance detractors. Our investment in Atlas Energy Solutions, a leading provider of mission-critical supplies and logistics services to the oil & gas industry, turned out to be a significant performance detractor this past year. This is a position we initiated back in early 2024, primarily based on the exemplary track record of its founder Bud Brigham and the company's vision to greatly improve the efficiency of supplying oil & gas producers in the Permian basin. Initially, Atlas was executing pretty well, and 2025 was supposed to be the year when the company reaped the benefits of past investments such as the Dune Express. Instead, Atlas somewhat baffled investors by embarking on a fairly aggressive acquisition spree, while simultaneously paying out sizable dividends to shareholders, despite the fact that underlying business fundamentals (i.e. crude oil prices and number of active drilling rigs) were weakening. This predictably resulted in some financial pressure for the company, which eventually suspended its quarterly dividend. Overall, the value of our investment in Atlas declined significantly throughout 2025, and while it was sized appropriately as a higher-risk/higher-reward position (approx. 1.7% on average), this still led to a significant performance headwind.

We recognize that not all of our investments will perform as expected, whether due to a mistake from our part or negative developments that are outside of our control. That is why we adequately diversify the Fund's assets, and size positions in a manner that reflects our assessment of underlying fundamentals and risks. We trust this contributes to smoother returns over time, and more importantly minimizes the likelihood and magnitude of permanent capital impairments. Whenever an investment case does not play out, and a company we own experiences hard times, the main interrogation is whether this reflects temporary or structural developments. This is not often an easy determination to make, but it generally dictates our subsequent actions. In the case of Atlas, we decided to fully divest of the company, mainly due to our assessment of the management's recent capital allocation decisions and perceived lack of strategic focus, as well as financial discipline.

Another performance detractor was Novo Nordisk, which lowered its financial guidance on numerous occasions throughout 2025 due to continuing concerns about the use of compounded GLP-1 drugs, as well as increasing competition from rivals such as Eli Lilly. Moreover, the company surprised investors by announcing an unexpected CEO transition in November. Readers might recall that Novo Nordisk is a company that we first invested in back in late 2016, and was a core holding for us over the years, until we reluctantly decided to divest in late 2023 as the stock became largely overvalued, in our opinion. Following a precipitous decline from its mid-2024 high, we then decided to resume our ownership of Novo in March of 2025. In retrospect, the timing turned out to be too early, as the stock declined over 40% throughout the year. In view of our assessment of the increasingly attractive risk/return profile, we took the opportunity to accumulate more shares and maintain a position sizing that reflects our level of conviction in our investment case for the company.

Last, our newly-initiated position in the Japanese ad technology company Macbee also performed poorly, as the company experienced deteriorating business conditions, notably amongst its main clients that account for a large share of total revenues. This prompted the company to revise its financial guidance downward in December 2025, further pressuring the stock price. Thankfully, this is not a large position in the Fund, reflecting its higher risk profile, so the damage was somewhat limited. It is also one of the harder judgments to make as to whether the current negative developments are more of a temporary or structural nature. On the one hand, there is no denying that the present situation is challenging, but this must be counterbalanced with the substantial return opportunity should business conditions return to anything close to what they were in prior years. On the whole, we decided to hold on to our position in the company, but have refrained from accumulating more shares until a more informed decision can be made on Macbee's future prospects.

Other negative performance contributors included Pagegroup and Hugo Boss, to name a few.

The year was once again fairly unusual for our style of low-turnover investment management, as we added a number of new positions to the Fund, including Strike, Novo Nordisk, Gentex, Alten, Royal Gold, and Macbee Planet. This was in part due to the forced divestments of Alpha Group and TechnoPro, both of which were acquired at meaningful premiums. In other cases, overvaluation, the lack of an appropriate margin of safety relative to other investment opportunities, or the negative review of some of our initial investment cases led us to divest of a number of holdings voluntarily, including IPG Photonics, Kone, and Focusrite.

All of our newly-initiated positions are described in our last three quarterly commentaries with the exception of [Alten](#). We also initiated two new positions in the last quarter of 2025.

Gamma Communications PLC is a leading provider of unified communications as a service (UCaaS) and connectivity solutions in the UK and a number of European markets. Founded in 2001, Gamma operates as a technology-driven provider of communication services, including cloud-based telephony, SIP trunking (a modern method that uses an internet connection to deliver phone services, replacing traditional physical phone lines for businesses, allowing voice, video, and messaging over a single broadband link), as well as mobile services and broadband connectivity. The company specifically targets small- and medium enterprises and operates as a value-adding intermediary between large solutions providers (e.g. Cisco, Ericsson LG, Amazon) and thousands of local distributors. We appreciate Gamma's leading market positions in the UK and its expansion into the German market that presents attractive growth opportunities. Other business fundamentals such as a high share of recurring revenues via multi-year contracts, solid profitability and cashflow generation, as well as a strong balance sheet and sound capital allocation decisions are also cornerstones of our investment case on the company. In view of an increasingly attractive valuation level, we decided to initiate a base position in Gamma in late 2025.

And finally, we welcomed back another former position into the Fund late in the year with Shift Inc. As a reminder, Shift is a fast-growing Japanese software testing company which we previously acquired in mid-2024, but reluctantly sold barely a year later at a substantial gain, as we believed that the stock had become overvalued. The timing could not have been more fortunate, as the share price embarked on a sharp decline shortly thereafter, giving us the opportunity to buy back a base position in the company 40% below where we had sold it. In our

view, our initial investment case on the company remains largely unchanged and the stock offers an attractive risk/return profile at present.

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

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