



A MESSAGE FROM OUR CIO

Dear Friends,

As we step into 2026, we might have hoped for a calm and orderly return to the office. Instead, the year has wasted no time in reminding us that serenity is rarely part of the macroeconomic forecast. January has already delivered a flurry of geopolitical headlines and international tensions evocative of a period many of us thought had been safely archived under "Cold War".

Before looking ahead, a glance in the rear-view mirror is instructive. The past year unfolded against a notably complex investment backdrop, marked by an unusual blend of resilience and concentration across global markets. Despite persistent concerns of slowing growth, elevated interest rates and ongoing trade frictions, corporate earnings proved more resilient than initially expected. Equity market performance remained concentrated in a narrow cohort of large, technology-oriented companies, prompting familiar debates about valuation discipline, crowded positioning, and the occasional whisper of bubble-like behaviour.

The US dollar weakened meaningfully over the course of the year, declining against most major currencies as interest-rate expectations shifted and fiscal and political uncertainties moved centre stage. This provided a helpful tailwind for non-US assets in dollar terms, supporting emerging markets, gold and contributing to a gradual broadening of market leadership beyond the United States.

Against this backdrop, our portfolios delivered strong returns in 2025 while maintaining a significantly lower level of risk than the broader market. We view this as a quiet endorsement of our disciplined multi-asset approach and our continued focus on diversification, risk management and fundamental quality.

Looking ahead, we are positioning our portfolios across both equities and fixed income with a greater emphasis on higher-quality opportunities, where we see attractive valuation asymmetry. These businesses are supported by strong balance sheets, durable business models, and meaningful pricing power. We believe policy rates are at or near their peak, creating a more supportive environment for high-quality bonds and for companies with consistent cash flows and healthy margins.

History suggests that in periods of scarce economic growth, stable compounding companies tend to be repriced upward as investors increasingly value predictability and resilience. In parallel, we continue to diversify away from US markets, particularly where a weaker dollar may provide an additional source of return for international assets.

Overall, we are pleased with how our portfolios have navigated this eventful environment. We believe we are well positioned for the next phase of the cycle and are excited to see what 2026 will bring.

As always, we are grateful for your continued trust and support and look forward to seeing you in the near future. We wish you a happy, healthy and prosperous year ahead!

Yours sincerely,

Laurent Joly, CFA

Managing Director & Chief Investment Officer

Levantine & Co