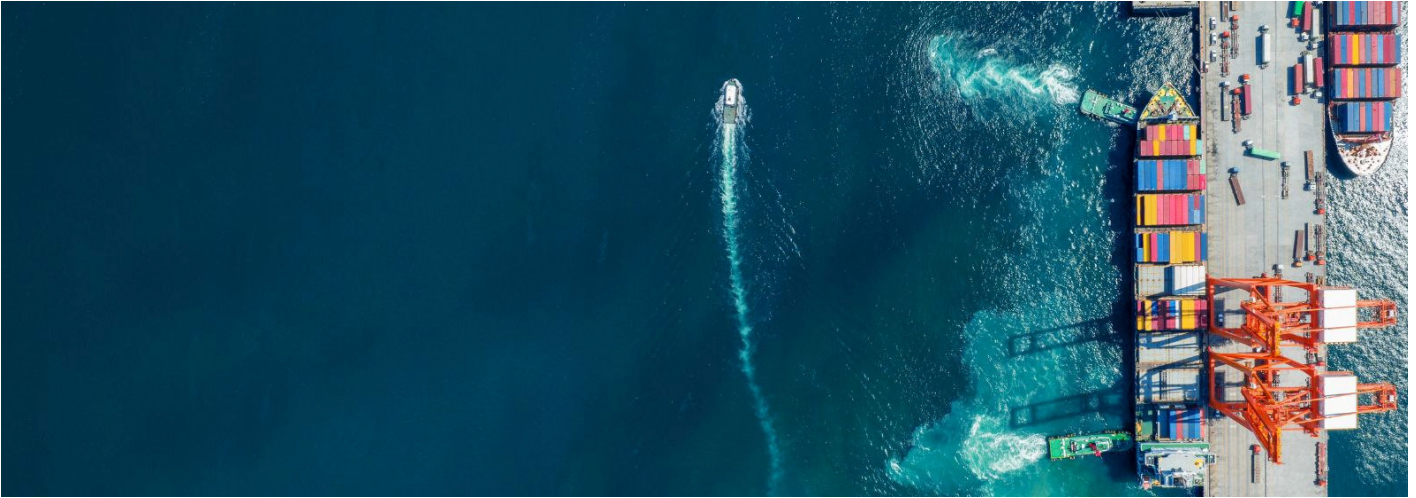


Political Upheaval Triggers Market Correction



Major shifts in the global political and economic landscape have pushed stock markets around the world into correction mode. The era of free trade as we knew it has come to an end. That said, it is worth acknowledging that truly free markets have rarely existed in the past either. Tariffs, duties, and non-tariff trade barriers are by no means a new phenomenon. And Europe, particularly the EU, is hardly a model when it comes to free trade.

A quick glance at the European agricultural market confirms this point. The same holds true for China, the major economic climber of recent decades, which is far from exemplary in its approach to open markets. While Beijing now delivers some of the most eloquent speeches in defense of free trade, its domestic implementation leaves much to be desired. And it's not just about state subsidies for the Communist Party's favored companies and industries. Politicians in many countries are just as fond of showering their pet projects with public funding. One only has to think of the vast sums poured into the so-called energy transition. Companies like Northvolt, Wolfspeed, Tesla, and Intel all come to mind.

The extraordinary influence of U.S. trade policy stems from the country's sheer economic size. Added to this is the fact that since the end of World War II, the United States has served as the intellectual, economic, and cultural leader of the Western world. Most Western countries have more or less oriented themselves around the U.S. model. That's why the ruthless radicalism with which the 47th U.S. president is now shifting course has left partner nations stunned. Brussels, Berlin, and others could have anticipated what direction Donald Trump would take. But instead of making preparations, they chose to simply hope for the best. In recent years, Brussels has shown little interest in proposals and ar-

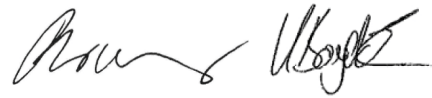
guments aimed at strengthening the Union economically. Sadly, the same holds true for Germany. In fact, it now appears that the spectacularly failed "traffic light" coalition may be able to continue its policies even after the recent federal election. The Greens have negotiated a €100 billion climate fund for themselves, while the SPD is pushing for a rapid expansion of the welfare state in coalition talks. Meanwhile, the CDU/CSU seem so fixated on reclaiming the chancellery that their core campaign priorities have already faded into oblivion.

Against this backdrop, global markets have been rattled by a significant increase in uncertainty. While European stock markets

felt a tailwind in the hope of German government stimulus, Wall Street slipped into correction mode. Even long-time investor favorites in the tech sector were caught in the downdraft. The lesson remains the same: political unpredictability is poison for financial markets.

Sincerely yours,

Fund managers and co-investors

Handwritten signatures of Christoph Bruns and Ufuk Boydak. The signature of Christoph Bruns is on the left, and the signature of Ufuk Boydak is on the right.

Dr. Christoph Bruns Ufuk Boydak

This text was originally published in German.

Contact us



Gerrit Braith
Managing Partner Sales / Marketing

braith@loys.de

Tel. +49 (0) 69 2475444-01



Sebastian Erdmann
Sales Manager

erdmann@loys.de

Tel. +49 (0) 69 2475444-24



Franziska Grosch
Sales Manager

grosch@loys.de

Tel. +49 (0) 69 2475444-16



Benjamin Hots
Sales Manager

hots@loys.de

Tel. +49 (0) 69 2475444-14



Peter Maser
Sales Manager

maser@loys.de

Tel. +49 (0) 69 2475444-02



Alexander Piira
Sales Manager
(LOYS Suisse AG)

piira@loys.de

Tel. +41-41 766 77 35

Impressum - Company Details

Publisher:

LOYS AG
Barckhausstraße 10
60325 Frankfurt am Main

Contact us:

Telephone: +49 (0) 69-2475444-0
info@loys.de

Responsible person:

Ufuk Boydak
CEO LOYS AG
www.loys.de