

Stock market year dominated by Trump's presidency



A multifaceted year lies behind us. The defining milestone of the year was Donald Trump's inauguration as president of the United States. From that point on, he dominated the media every single day. His capricious policy style did the rest. Overall, Trump represents a turning point for the world.

It took only a few months to severely damage relations with European nations and neighbouring states. The North Atlantic defence alliance, NATO, is for all practical purposes a thing of the past. Values such as freedom of science and freedom of the press have been compromised and the rule of law has been damaged. In their place, an isolationist, nationalist leadership cult has emerged. Key positions in the state are occupied by loyalists.

One of the most visible developments of the year has been Europe's rapid decline. A combination of misplaced priorities, moral arrogance, excessive faith in the state, an aging population, and rampant regulation and bureaucracy has led to economic stagnation and political apathy on the continent. Several European countries are struggling to form

governments capable of taking action. Additional government debt, more state intervention and low interest rates appear to politicians to be the way out. Far-reaching reforms to improve the framework conditions for business find no majority support. In France, reforms are being rolled back, while in Germany they have largely failed to materialise. A free trade agreement with South American countries collapsed after 25 years of negotiations due to European protectionism. Meanwhile, Europe's aging populations want to preserve the status quo, as the inability to reform German pension legislation has once again demonstrated. Even language itself bears witness to the misguided paths that have been taken. In Russia, the war is referred to as a "special operation", while the German government chooses to label its borrow-

ing "special assets". It would be better to call things by their proper name.

And the stock market? It delivered an unusually good year. Falling interest rates and a boom in artificial intelligence provided fuel for imagination and momentum. This was stronger than the negative effects caused by American tariffs on friends and foes alike. Even stubborn inflation did not dampen the overall positive mood on the stock market. After all, currency devaluation contributed to a continued rise in the price of gold, silver, and platinum.

There were also some striking developments in bond markets. Yields on ten-year Japanese bonds exceeded the 2% mark for the first time in many years after the central bank in Tokyo raised key interest rates to 0.75%. This

did not put an end to the slide in the yen, but yield differentials between the yen and other currencies have begun to narrow. One of the real surprises of the year was certainly the strong appreciation of the euro against the U.S. dollar. Apparently, investors withdrew from dollar assets. There was rather unpleasant news on the German bond market. While the ECB cut key interest rates to 2%, resulting in negative real interest rates at the short end of the yield curve, ten-year German government bonds suffered price losses in view of the new government's huge debt packages.

The equity funds of LOYS AG experienced a very heterogeneous year in 2025. LOYS Global, LOYS Aktien Europa, LOYS Premium Dividende and LOYS Premium Deutschland all delivered unsatisfactory results, whereas Vates Aktien USA once again matched the spectacular results of previous years. And the largest LOYS fund, LOYS Philosophie Bruns, had an outstanding year. The fund management is optimistic about the new year, especially as the proven value-oriented, granular, and incremental investment strategy of LOYS Philosophie Bruns is

also to be consistently applied to the other LOYS funds.

Sincerely yours,

Fund manager and co-investor



Dr. Christoph Bruns

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