Rothschild & Co
Wealth Management

Shifting sands
Resilience through global change

THEMATIC INVESTMENTS

Q3 2025

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Looking back on our thematic investments

This report offers an in-depth analysis on the performance of our Thematic Investments offering, providing our investors with valuable insights into the key drivers shaping each of them. By examining the broader market trends alongside sector-specific developments, it also delivers a forward-looking perspective on potential growth opportunities in the coming quarter.

While we retain our four thematics categories, we have adjusted our sub-categories slightly based on our current portfolio, and names we hold will be addressed throughout the report. All new and removed names are thus highlighted in the table at the end of the report.

The third quarter of 2025 was shaped by a complex mix of macroeconomic forces and accelerating investor optimism around Artificial Intelligence (AI). Global growth showed modest improvement, supported by fiscal stimulus and front-loaded investment activity, particularly in anticipation of further US tariff measures. President Trump's evolving trade policy remained a central theme, introducing fresh uncertainty for multinational firms. Meanwhile, inflation remained sticky but broadly contained while the labour market cooled somewhat. This has allowed the Federal Reserve to resume easing monetary policy, with the Fed delivering its first rate cut since early 2024 while the ECB held rates steady.

Despite ongoing geopolitical and economic headwinds, equity markets delivered strong gains in Q3-25. Technology led the rally, fueled by robust earnings and continued enthusiasm for AI-driven innovation. Artificial intelligence remained a dominant force, driving capital flows into semiconductors, cloud infrastructure, and software, while AI-related spending emerged as a key contributor to US GDP growth. The rally broadened beyond mega cap tech, with small caps and cyclicals outperforming, though the pace of gains raised concerns about valuation excess.

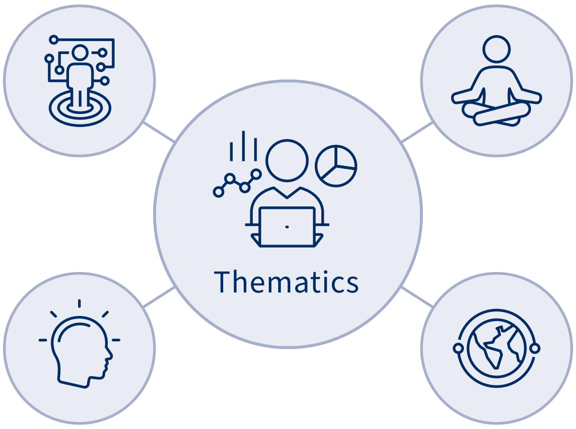
As we move into the next quarter and over the long term, we observe the speed of change of a world in transition towards new equilibrium and we remain confident that our four thematic categories will complement each other while generating new opportunities for investors.

DIGITAL FRONTIERS

- ARTIFICIAL INTELLIGENCE
- DATA CENTRES
- CYBERSECURITY
- THE CLOUD
- INDUSTRY 5.0
- BLOCKCHAIN

THE FUTURE OF BODY & MIND

- HEALTH, WEIGHT LOSS AND WELLNESS
- SILVER ECONOMY

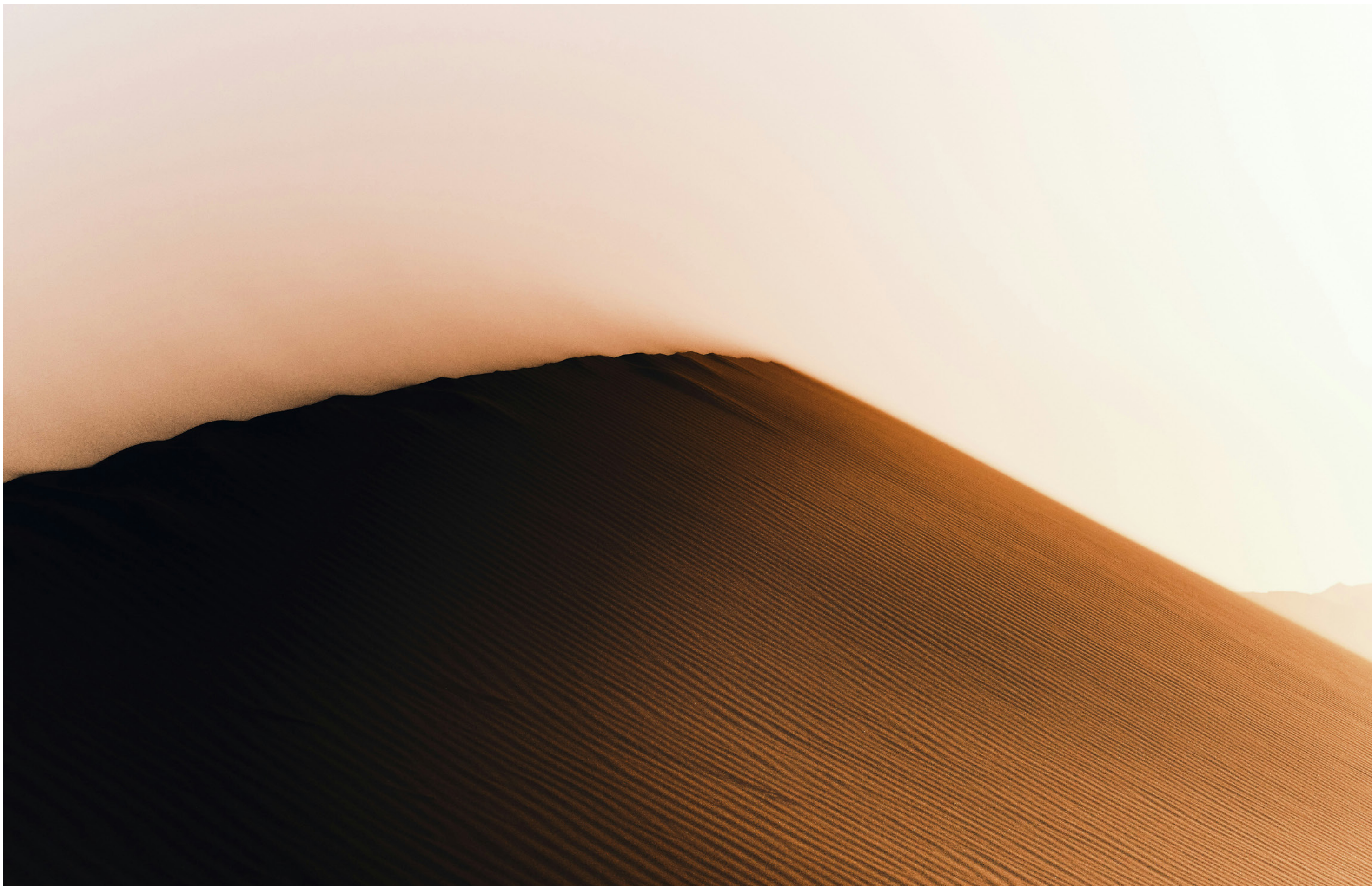


ENTERTAINMENT & LIFESTYLE

- SOCIAL AND INTELLIGENT COMMERCE
- STREAMING AND INTERACTIVE ENTERTAINMENT
- SPORTS, TRAVEL AND EXPERIENCE

SUSTAINABILITY

- BLUE GOLD
- ENVIRONMENTAL INVESTING



Key trends at the heart of our thematic investments

Over the next decade, we expect society to undergo profound transformation driven by multiple developments including technological advancements. Our four thematic investment categories – Digital Frontiers, The Future of Body & Mind, Entertainment & Lifestyle, and Sustainability – are designed to capture the value creation emerging from these shifts, offering differentiated opportunities for long-term growth. As this evolution unfolds, we remain mindful of potential divergences and challenges, shaped by demographic transitions, technological disruption, and an increasingly complex geopolitical environment.

DIGITAL FRONTIERS

Artificial Intelligence, Blockchain, and Industry 5.0: Reshaping infrastructure and security

Artificial intelligence is transforming infrastructure across sectors, with data centres emerging as critical assets for real-time analytics, automation, and industrial optimisation. This shift is driving large-scale investment in energy-efficient computing, smart grids, and digital twins. As industries adapt to AI-driven workflows, blockchain is increasingly used to secure data integrity, decentralise control, and enhance transparency, especially in environments where trust and traceability are essential. These technologies are converging to support more adaptive, resilient systems that align with sustainability and performance goals.

The rise of Industry 5.0 marks a transition toward human-centric innovation, blending advanced technologies with ethical design, safety, and long-term resilience. As AI becomes embedded in critical infrastructure, cybersecurity risks are intensifying, with generative AI expected to play a role in a growing share of attacks. This underscores the need for robust digital defences and governance frameworks. Together, AI, blockchain, and Industry 5.0 are shaping a new industrial paradigm—one that prioritises collaboration between humans and machines, secure data ecosystems, and sustainable infrastructure development.

ENTERTAINMENT & LIFESTYLE

AI-Driven commerce and experience economies: Shifting consumer engagement and lifestyle trends

Social commerce is undergoing rapid transformation, driven by AI-powered personalisation, voice shopping, and chatbot integrations that enhance consumer engagement and streamline purchasing. The integration of e-commerce into conversational platforms is improving conversion rates and reshaping digital retail strategies. Influencer marketing, in-app checkout, and predictive shopping are becoming central to how consumers interact with brands, with social commerce sales continuing to grow. Meanwhile, streaming and interactive entertainment are benefiting from strong content releases and hardware innovation, though monetisation models and regional performance remain under close scrutiny.

Experience-driven sectors such as sports, travel, and wellness are showing resilience, supported by consumer demand for immersive activities and premium lifestyle products. AI-enabled wearables, energy drinks, and travel platforms are capitalising on this momentum, while digital transformation and strategic innovation help companies navigate macroeconomic uncertainty. Despite currency and inventory challenges in some areas, the broader trend reflects a shift toward personalised, tech-enhanced experiences that align with evolving consumer preferences across age groups and geographies.

THE FUTURE OF BODY & MIND

Health innovation and the Silver Economy: Navigating growth, risk, and demographic shifts

Health and wellness sectors showed mixed performance in Q3-2025, despite strong consumer interest in areas like weight-loss treatments, skincare, and personalised medicine. Regulatory developments and pricing negotiations helped ease affordability concerns, but uncertainty around future drug pricing remains a structural risk. Demand for lab equipment and bioprocessing tools is recovering, supported by expectations of increased biotech investment as monetary conditions ease. Meanwhile, competition and regulatory shifts continue to shape the landscape for advanced therapies, with strategic resets underway in some areas.

In the Silver Economy, longevity-focused products and services remain in demand, spanning insurance, tech-enabled wellness, and premium lifestyle offerings tailored to older, affluent consumers. Luxury and health-tech companies are expanding their reach through innovation and geographic diversification, while digital transformation supports resilience in financial services. Currency headwinds and trade-related uncertainties have weighed on sentiment in some areas, but product innovation and demographic tailwinds continue to support long-term growth potential.

SUSTAINABILITY

Water and Energy Infrastructure: Structural growth amid climate and policy shifts

Global awareness of water security and sustainability continues to rise, driven by extreme weather events, regulatory tightening, and increasing demand for clean water infrastructure. Investment is flowing into water treatment, smart monitoring, and leak prevention technologies, reflecting the theme's structural importance. Digitalisation and stricter environmental standards are accelerating adoption of advanced analytics and compliance tools, especially in industrial and public sectors. Currency volatility and political uncertainty remain headwinds, but long-term fundamentals are intact.

In parallel, environmental investing is gaining momentum through large-scale grid expansion and electrification projects. Regulatory clarity in major markets is supporting utility capital spending, particularly to meet the demands of AI-powered data centres, industrial reshoring, and renewable energy integration. Digital twins, smart energy management, and automation are becoming central to infrastructure upgrades, aligning with sustainability goals. The theme is reinforced by taxonomy-aligned revenues and strong execution across electrification and decarbonisation initiatives.

At the same time, climate change is becoming a central consideration for both public and private sectors. As digital infrastructure expands, water management is emerging as a critical issue—especially in relation to data centre cooling and sustainable urban development. These challenges are driving investment in infrastructure, technologies, and systems aimed at improving water access and quality. Together, these converging forces are reshaping the global landscape, requiring integrated responses that span economic, technological, and environmental domains.

01

Digital frontiers

Artificial Intelligence

Hyperscaler demand fuels semiconductor growth

The third quarter of 2025 was marked by an unprecedented surge in AI infrastructure spending, as hyperscalers Microsoft, Google, Amazon and Oracle and OpenAI raced to expand compute capacity and enterprises accelerated AI integration. Headlines centred on record GPU deployments, graphics processing units that power model training, and multi-billion-dollar chip orders from Nvidia and AMD. Alongside this, a series of circular deals raised bubble concerns: Nvidia sold chips to OpenAI while investing in it. Thus, AMD secured a partnership making OpenAI one of its largest shareholders. OpenAI alone committed nearly USD1tn for compute this year, far exceeding its revenue, echoing patterns from the dot-com era where companies bought each other's services to inflate perceived growth.

Within our stock selection, the latest earnings reports from Nvidia, AMD, Broadcom, TSMC, ASML, and Cadence Design Systems highlight the strong momentum of the semiconductor industry. Nvidia posted a 94% year-over-year revenue increase, driven by demand for its Blackwell chips. AMD gained momentum with its MI300X GPUs and signed a multi-year deal with OpenAI. Broadcom reported strong growth, supported by a major custom chip order.

Broadcom's growth is fueled by demand for ASICs, which are custom chips designed for specific tasks like AI, which are more efficient and use less power than general-purpose GPUs. Hyperscalers want these chips to cut costs and boost performance as AI workloads explode, making Broadcom a key supplier in this shift toward specialised hardware. Meanwhile, TSMC saw also record sales, with AI now making up 60% of its business.

ASML posted strong bookings and revenue, supported by demand from key customers like SK Hynix, Samsung, and TSMC and announced a partnership with Mistral AI. These developments boosted investor confidence in ASML's long-term growth, despite concerns over declining China sales. Cadence continued to benefit from rising demand for custom AI chip design tools.

Data centres

Sustained data centre buildout momentum

The third quarter of 2025 saw continued momentum in AI infrastructure buildouts, with datacentre equipment providers benefiting from rising demand for power, cooling, and automation solutions. While the "grey space" (server halls and compute infrastructure) led the initial wave of investment, attention is now also shifting to the "white space", which refers to the physical infrastructure that supports these deployments, including power distribution, cooling systems, racks, and cabling. The delayed cycle in white space presents a compelling opportunity as hyperscalers and colocation providers (companies that rent out space to house other comapnies' servers and IT equipment) race to bring new capacity online.

Within our stock selection, the latest results from Caterpillar, Schneider Electric, Eaton, Dell, and Legrand highlight the strength of the datacentre equipment theme. Caterpillar increased its manufacturing capacity for datacentre engines, turbines and back-up power generators significantly, reflecting surging demand for scalable power solutions. Schneider Electric reported high single digit organic revenue growth, driven by strong demand for its uninterrupted power supply (UPS) systems and liquid cooling solutions. The company also announced a USD700m US investment to expand its footprint and support AI infrastructure.

Legrand, with high exposure to white space infrastructure such as racks, power distribution units (PDUs), which are used to distribute electrical power to servers, networking equipment, and other devices within a rack, as well as cabling, delivered upbeat results, benefiting from strong demand in Europe and North America. Eaton continued to gain traction in power management. Meanwhile, Dell raised its long-term revenue and earnings growth targets, citing sustained AI infrastructure momentum. While risks such as tariffs, any signs of slowing demand and other constraints continue, we remain constructive on the data centre equipment space, particularly in white space infrastructure, where delayed capex is now accelerating.

DEEP DIVE

Data centres

Cybersecurity

Cybersecurity leaders navigate growth divergence and valuation risks

In the past quarter, we saw continued solid demand for cybersecurity solutions, driven by overall rising security threats, regulatory pressure, and the need for resilient digital infrastructure. While AI is reshaping the threat landscape, cybersecurity vendors will only fully benefit once AI applications are embedded across enterprise software stacks. A key theme this quarter was platformisation, referring to the shift toward integrated security platforms. This is driving consolidation across the sector. Landmark deals like Palo Alto Networks' acquisition of CyberArk reflect this trend, as companies seek to combine identity, orchestration, and full-stack threat defense capabilities.

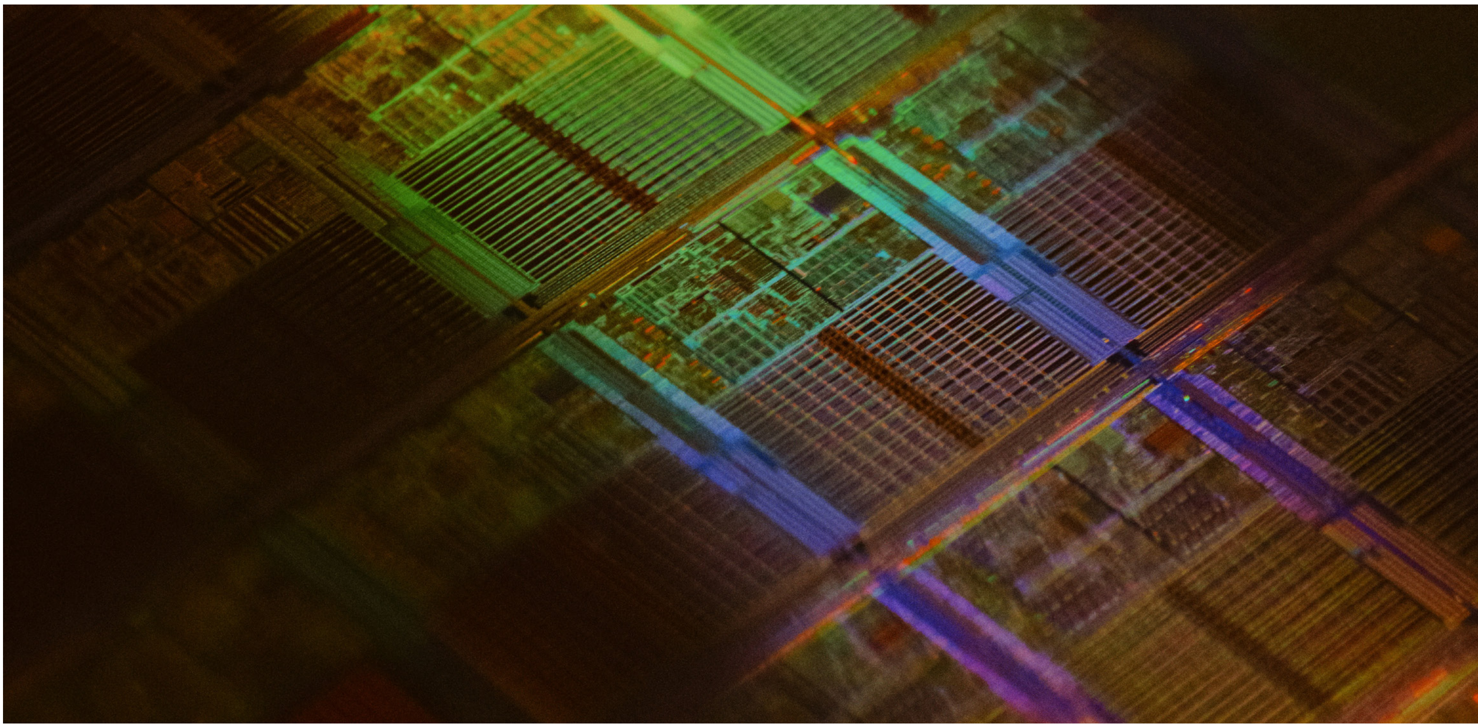
Within our stock selection, the latest results from Palo Alto Networks, Fortinet, CrowdStrike, and Zscaler highlight mixed performance across the cybersecurity space.

Palo Alto Networks beat revenue and earnings expectations and reaffirmed its long-term growth targets, supported by strong demand for its integrated platform and recent M&A activity. The CyberArk acquisition positions it as a leader in identity-driven security. The solid financial performance and positive guidance helped to lift investor confidence. Fortinet posted resilient margins and continued to expand its AI-driven firewall and software-defined wide area network offerings, which help businesses connect their offices, branches, and remote sites to the internet and cloud services in a secure, fast, and cost-effective way, though growth moderated slightly amid cautious enterprise spending. CrowdStrike reported strong revenue growth and surpassed USD4bn in annual recurring revenue (ARR), but concerns over valuation and profitability linger. Zscaler showed signs of reaccelerating growth, benefiting from increased demand for zero-trust architectures and cloud-native security, though investor sentiment remains cautious due to higher valuations.

While overall valuations remain elevated, especially for high-growth names, we remain constructive on the sector's long-term opportunity, particularly for platform leaders like Palo Alto and niche players like CrowdStrike with strong execution and AI integration strategies.

DEEP DIVE

Cybersecurity



The Cloud

Hyperscaler momentum vs. software uncertainty in the AI era

Hyperscalers remain at the centre of the AI infrastructure race, with cloud providers continuing to invest heavily in compute capacity and platform innovation. Oracle made the biggest headlines, securing a historic USD300bn, five-year cloud deal with OpenAI for its OCI segment, backed by a USD38bn debt package to fund gigawatt-scale data centres. While the order intake is massive, questions remain around the long-term margin trajectory, given the capital intensity and reliance on high-cost AI chips. Amazon's AWS continued to lag peers in AI monetisation, with growth moderating and margins slightly under pressure due to elevated infrastructure spending. In contrast, Microsoft remained in pole position, with Azure revenue up 33% in the third calendar quarter and strong adoption of Copilot across Microsoft 365. Meanwhile, Alphabet's Google Cloud also posted strong growth, and the company received a major regulatory boost in September when a US court ruled against breaking up its core assets—lifting a long-standing overhang and helping Alphabet reach a USD3tn market cap.

During the quarter, most hyperscaler stocks reached new all-time highs, driven by strong AI infrastructure demand and record capex commitments. In contrast, software names continued to struggle, weighed down by concerns that AI may reduce seat-based revenues, disrupt traditional pricing models, and shift value toward infrastructure and platforms. While ServiceNow and Salesforce delivered solid quarterly numbers, they weren't strong enough to reignite investor enthusiasm. However, Salesforce's Dreamforce investor day was a bright spot, showcasing its Agentforce AI platform and deepening partnerships with OpenAI and Anthropic, positioning the company near an inflection point in enterprise AI adoption. Palantir was the standout performer, with its share price surging over 150% year-to-date, driven by blockbuster government contracts. The company now trades at over 105x sales, far above peers, raising concerns about sustainability. While its execution and positioning in defense AI are impressive, the valuation implies perfection and leaves little room for error.

DEEP DIVE

The Cloud

Industry 5.0

Human-centric automation reshapes the industrial landscape

The third quarter of 2025 highlighted growing momentum in Industry 5.0, a human-centric evolution of industrial automation that blends robotics, AI, Internet of Things (IoT), and digital twins to enhance productivity while empowering workers. The shift from pure automation (Industry 4.0) to collaborative intelligence is accelerating, driven by demand for customised production, sustainability, and real-time optimisation. Companies are investing in smarter, more adaptive systems that combine machine precision with human creativity. Industry leaders like Siemens, Honeywell, and Dassault Systèmes are at the forefront of this transformation, supported by strong order growth and strategic portfolio moves.

In Q3-2025, Siemens continued to perform well and announced plans to spin off a substantial portion of its 71.1% stake in Siemens Healthineers, its listed medical technology subsidiary. This move is part of a broader strategy to simplify Siemens's corporate structure and sharpen its focus on core industrial growth areas namely Digital Industries, Smart Infrastructure, and Mobility. Honeywell made progress in separating its business units, a move that will sharpen its focus on high-growth areas like industrial software, AI-driven controls, and sustainability—key pillars of Industry 5.0. Infineon and Analog Devices remain critical enablers of intelligent edge computing and sensor fusion, powering the smart systems that underpin next-gen industrial platforms. Dassault Systèmes continues to lead in simulation and design software, helping manufacturers transition toward more adaptive and efficient production models.

DEEP DIVE

Industry 5.0

Blockchain

Stablecoins, custody, and crypto ETFs: Building blocks of institutional blockchain

The third quarter of 2025 marked a turning point for blockchain adoption in financial services, as regulatory clarity and institutional partnerships accelerated the shift from experimentation to scaled deployment. The passage of the GENIUS Act in the US and the full rollout of Europe's MiCA framework provided a more stable regulatory foundation for digital assets, particularly stablecoins. These developments helped traditional financial institutions deepen their blockchain strategies, while also supporting broader adoption across payments, custody, and settlement infrastructure.

Among the companies in focus, Coinbase remains the only pure-play blockchain name in our investment universe, with deep exposure to crypto infrastructure and consumer adoption. In Q3, it expanded its enterprise services, launched Embedded Wallets, and applied for a National Trust Charter to improve custody and payments. It also partnered with JPMorgan to allow Chase customers to buy crypto with credit cards and redeem USDC rewards. Coinbase is also benefiting from the wave of newly launched crypto ETFs, which are driving institutional demand and boosting its custody business, and BlackRock's iShares is among its key clients. JPMorgan, while not a crypto-native, made headlines with its Kinexys blockchain platform and the launch of JPMD, a deposit token for programmable settlement. The bank's partnership with Coinbase marked a major step in bridging traditional finance and crypto, offering direct bank-to-wallet connections and loyalty point conversions into stablecoins. Visa continued to scale its stablecoin settlement network, now supporting multiple tokens across Ethereum, Solana, Stellar, and Avalanche, and launched its Tokenized Asset Platform to support bank-issued digital currencies. Mastercard added support for four stablecoins on its Multi-Token Network and advanced its compliance-first infrastructure through the Mastercard Crypto Credential initiative. We would also like to highlight that in contrast to Coinbase, Visa, Mastercard, and JPMorgan are building strategic capabilities around stablecoins and tokenised payments, but their thematic revenue is (still) low.

DEEP DIVE

Blockchain

Entertainment & lifestyle

Social and Intelligent Commerce

Social commerce accelerates: Meta, Tencent, Shopify lead the shift

The third quarter of 2025 saw accelerating momentum in social and intelligent commerce, as AI-driven personalisation, voice shopping, and chatbot integrations reshaped how consumers discover and buy products. Retailers increasingly embedded their e-commerce platforms into ChatGPT and other AI assistants, enabling predictive shopping and conversational commerce. This shift is expected to improve conversion rates and return on investment for platforms that can leverage data effectively. US social commerce sales are projected to reach USD115bn in 2025, up 15% year-over-year, driven by platform integration, influencer marketing, and in-app checkout experiences.

Within our stock selection, the latest results from Meta, Tencent, Alibaba, Amazon, and Shopify highlight the evolving dynamics of the theme. Meta continued to lead in AI monetisation through its ad platform and commerce integrations across Instagram and WhatsApp. Tencent benefited from a more favorable regulatory backdrop in China, particularly in gaming, and is increasingly monetising AI across its social and entertainment ecosystem—mirroring Meta's strategy. Alibaba was among the strongest performers in the selection as it saw improved sentiment as Chinese consumer demand stabilised and regulatory headwinds eased, supporting its e-commerce and specifically its cloud segment. Amazon pivoted away from social commerce by sunsetting its Inspire feed, instead doubling down on AI-driven product discovery via its Rufus assistant. Amazon's share price trajectory continued to be dominated by the performance of its cloud business, which delivered solid growth, albeit weakest in comparison to other hyperscalers. Shopify shares published stellar results and gained further momentum through its integration with ChatGPT, enabling merchants to offer personalised shopping experiences via conversational AI. The company's continued innovation in embedded commerce and its strong positioning among small and mid-sized businesses helped drive renewed investor interest. Its growth figures remained remarkable with revenue growth above 20% while profitability is improving steadily.

Streaming and Interactive Entertainment

Streaming strength and gaming breakouts

The third quarter of 2025 saw continued momentum in streaming and entertainment, driven by blockbuster content releases, a push for price increases and hardware innovation in gaming. The streaming landscape remains dynamic, with content performance and monetisation models under close investor scrutiny.

Within our stock selection, the latest results from Disney, Netflix, Nintendo, and Spotify highlight the evolving dynamics of the theme. Netflix delivered strong revenue growth but missed earnings expectations due to a one-time Brazilian tax charge, triggering a sharp 8% drop in its share price. Despite the setback, the stock remains strongly up since the start of the year. Also, Netflix recorded its best ad sales quarter ever and saw breakout success with KPop Demon Hunters, now its most popular film ever, alongside strong viewership for Wednesday Season 2 and Happy Gilmore 2.

Meanwhile, Disney was the laggard and continued to invest in

theatrical content, with Captain America: Brave New World, Thunderbolts, and Zootopia 2 among its major releases. Streaming subscriber growth remained steady, and profitability in Disney+ helped offset softness in linear networks. While the equity story on Disney remained more complex due to legacy media challenges and restructuring, the turnaround appears on track, supported by steady streaming growth and cost discipline. Meanwhile, Spotify benefited from its July price increase, which helped expand margins without hurting subscriber growth. The company now boasts over 276m Premium users and continues to diversify into audiobooks and AI-driven personalisation. Nintendo launched its fastest-selling console ever, the Switch II, with 8.6m units sold by September. Titles like Mario Kart World, Super Mario Party Jamboree, and The Legend of Zelda: Echoes of Wisdom were well received, and upcoming releases like Metroid Prime 4: Beyond and Hyrule Warriors: Age of Imprisonment are expected to sustain momentum into the holiday season.

Sports, Travel and Experience

From tracks to trips: Experience-driven spending power

The quarter was marked by vibrant global sports and travel activity. The World Athletics Championships in Tokyo boosted Japan's appeal as a top destination, supported by a weak yen and strong cultural interest. Tourists increasingly sought immersive experiences like hiking, sailing, and culinary tours, while holiday bookings for Thanksgiving and Christmas are trending higher year-over-year, reflecting resilient lifestyle spending despite macro uncertainty.

EssilorLuxottica delivered its strongest quarter in years, with revenue up 12%, driven by booming demand for AI-powered wearables such as Ray-Ban Meta Gen 2 and Oakley Meta HSTN. Growth was broad-based across North America and Europe. Nike remains a dominant sports brand, worn by 73 medalists at the Tokyo Championships, but faces rising competition from Hoka, Asics, and On. Nike's share price fell 5% in Q3 due to revenue softness including China, inventory normalisation and margin pressure. The company is undergoing a leadership transition, with long-time veteran Elliott Hill as CEO, aiming to restore innovation and reconnect with wholesale partners.

Monster Beverage benefitted from the global energy drink boom and its deep-rooted presence in extreme sports, including motocross, BMX, skateboarding, snowboarding, surfing, and UFC. Sponsorships with athletes like Nyjah Huston and Tony Hawk helped the brand resonate with younger consumers. Booking Holdings remained a key beneficiary of strong travel demand, albeit growth is normalising, with its Connected Trip strategy and merchant model driving margin expansion and customer retention. The question going forward is how Booking will do in a world of increasing usage of AI travel agents. Meanwhile, Uber continued to fire on all cylinders and posted 18% revenue growth, with delivery scaling rapidly and Uber Ads reaching a USD1.5bn run rate. A USD20bn buyback and strong free cash flow support further upside.

03

The future of body & mind

Health, Weight Loss and Wellness

Growth with growing pains

Q3-2025 showed mixed performance across health and wellness stocks, despite strong consumer demand for weight-loss drugs, skincare, and personalised medicine. A pricing deal between Pfizer and the US government helped ease affordability concerns, though uncertainty around future drug pricing remains a risk.

Thermo Fisher rebounded, supported by improving demand for lab equipment and bioprocessing tools, with biotech investment expected to rise as interest rates ease. The stock rallied further into October, reflecting renewed confidence in execution and end-market recovery. Novo Nordisk had a tough quarter, cutting its sales forecast due to slower US growth and competition from compounded versions of Wegovy—custom-made alternatives sold by pharmacies at lower prices. However, recent regulatory changes now prohibit these compounded versions, which should ease pressure going forward. A new CEO has taken over, and a strategic reset may be underway. Meanwhile, Eli Lilly did better as it continues to gain share with Zepbound and Mounjaro leading the US market, while expanding into Alzheimer's and oncology.

AstraZeneca is progressing well with its pipeline and announced a USD50bn US investment, including a new factory focused on obesity and cancer treatments. Galderma continued to surprise investors positively as it continued to grow strongly in skincare and aesthetics. Its new neurodermatitis drug Nemluvio was the standout, outperforming expectations.

We also attended Givaudan's Summer Investor Conference, the company's Q3-25 results showed steady growth, which was primarily driven by strong demand in the Fragrance & Beauty division, especially for premium scent solutions among younger consumers. On the other hand, the Taste & Wellbeing division's growth was a bit underwhelming, held back by weaker demand from large food & beverage companies. Unfortunately, sales in Swiss francs declined due to currency headwinds, and rising input costs put some pressure on margins, though the company is responding with price increases. The announced CEO transition surprised, as Givaudan broke from its tradition of internal promotions by appointing an external candidate with divisional experience at Danone and Procter, but no prior CEO role. We think that the move may aim to strengthen ties with multinational clients, while the company already excels with local and regional customers.

Silver Economy

Navigating longevity through luxury, health, and financial resilience

The quarter did not mark significant changes in the key trends within the Silver Economy, including rising demand for longevity-focused insurance products, tech-enabled wellness solutions, and premium lifestyle offerings tailored to older, affluent consumers.

Ferrari hosted its Capital Markets Day in October, modestly raising 2025 guidance. However, long-term targets fell short of investor expectations, leading to a sharp sell-off. Still, demand remains strong for the 12Cilindri and the F80 hypercar—Ferrari's new flagship model, limited to 799 units, all sold out. The Purosangue SUV continued to expand Ferrari's reach. While investor expectations were high, Ferrari's history of conservative guidance suggests potential for upside surprises as the company executes on its long-term plan.

Intuitive Surgical delivered a standout quarter, with 23% revenue growth and strong uptake of the new da Vinci 5 system. Global procedures rose 20%, driving a 20%+ rally in the stock. Hermès reported solid sales growth, led by leather goods and ready-to-wear. Expansion in Asia and the US, combined with timeless brand appeal, reinforced its role as a luxury staple for older consumers, despite currency headwinds. Meanwhile, Allianz maintained solid momentum in life insurance and retirement, supported by longevity-focused products and digital transformation. The company remains on track to meet full-year targets.

Straumann fell 8% post half-year results, despite strong North American growth and strategic progress in China. Currency headwinds and tariff concerns, along with limited visibility, weighed on sentiment. Sonova is showing steady progress, even though it won't report numbers until November. At the EUHA industry conference, the company unveiled Ultra Sphere, an upgraded version of its Infinio Sphere hearing aid. The new device offers 30% better battery life and improved sound clarity. These updates come at a time of rising competition, with rival Demant expected to launch a new product soon. While the news is positive, it was mostly expected.

Sustainability

Blue Gold

Business as usual in a structurally growing theme

Q3-2025 saw rising global awareness around water security and sustainability, driven by extreme weather events, tightening regulations, and growing demand for clean water infrastructure. Governments and industries are investing heavily in water treatment, smart monitoring, and leak prevention technologies, making Blue Gold a key structural theme.

Geberit continued to benefit from resilient renovation demand, with strong sales of water-efficient sanitary systems across Europe. However, currency headwinds weighed on reported results, and the outlook assumes some softness in new construction. The company continued to expand its digital offering such as smart flush and leak detection. Ecolab posted solid growth in its water division, supported by rising demand for industrial water treatment and hygiene solutions. Its digital platform for real-time water monitoring is gaining traction, especially in its food & beverage and healthcare sectors Veralto remains a standout in water analytics and quality control. The company is seeing strong momentum in its water segment, driven by demand for lab-grade testing and compliance tools. Its portfolio is well-positioned to benefit from stricter environmental standards globally.

Veolia Environnement delivered solid but unspectacular results, with slower profit growth and modest waste volume gains. While guidance was reaffirmed, sentiment was weighed down by currency headwinds, high debt, and political uncertainty in France, which impacted the share price.

Environmental Investing

Grid expansion and policy clarity

During Q3-25, regulatory clarity in the EU and US provided a tailwind for long-term investments, especially in grid infrastructure. Utilities had a standout quarter, outperforming most defensive sectors. Overall, 2025 marks one of the largest year-over-year increases in utility capital spending since 2017. Companies are investing heavily in electricity infrastructure, especially to support AI-driven data centres, electrification, and industrial reshoring.

E.ON posted solid figures, driven by EUR3.2bn in network investments and reaffirmed guidance. Its EUR43bn plan through 2028, mostly for grid expansion and digitalisation, includes a digital twin of its 700,000 km German grid, supported by favourable policy momentum in Germany. Iberdrola also performed nicely with tailwinds from EU regulatory reforms, which created a stable environment for its capital-intensive grid and renewable investments. NextEra Energy reaffirmed long-term earnings growth of 8.5% through 2027, with wind and solar capacity set to double by 2028. Its Amite Solar project and supply chain strength highlight execution despite policy and tariff headwinds. Meanwhile, around 90% of Schneider Electric's revenue is EU Taxonomy eligible, with 28% aligned, meaning a significant portion of its business directly supports environmental goals like energy efficiency and emissions reduction. Its core offerings, smart energy management and automation, are designed to enable sustainability across industries. The company achieved record revenue and adjusted EBITA for the first half of the year.

Opportunistic Thematic: Dell Technologies

The company

Dell Technologies has evolved far beyond its PC roots to become a key player in enterprise infrastructure. The company operates through two main segments: Infrastructure Solutions Group (ISG), which builds servers, storage, and networking gear, and Client Solutions Group (CSG), which covers PCs and peripherals. Dell also offers consulting, financing, and lifecycle services, creating a full-stack solution for businesses navigating the AI era.

Why we like Dell

Artificial intelligence is not just about algorithms, it's also hardware intensive. Training and running large language models require enormous compute power, which means racks of high-performance servers packed with equipment from partners like Nvidia. These "AI factories" are the backbone of everything from ChatGPT to enterprise copilots and global AI infrastructure spending already exceeds USD180bn annually. Dell is at the centre of this build-out, with its products widely adopted by hyperscalers such as Amazon, Google, Meta, and Microsoft, as well as sovereign AI projects and Fortune 500 enterprises.

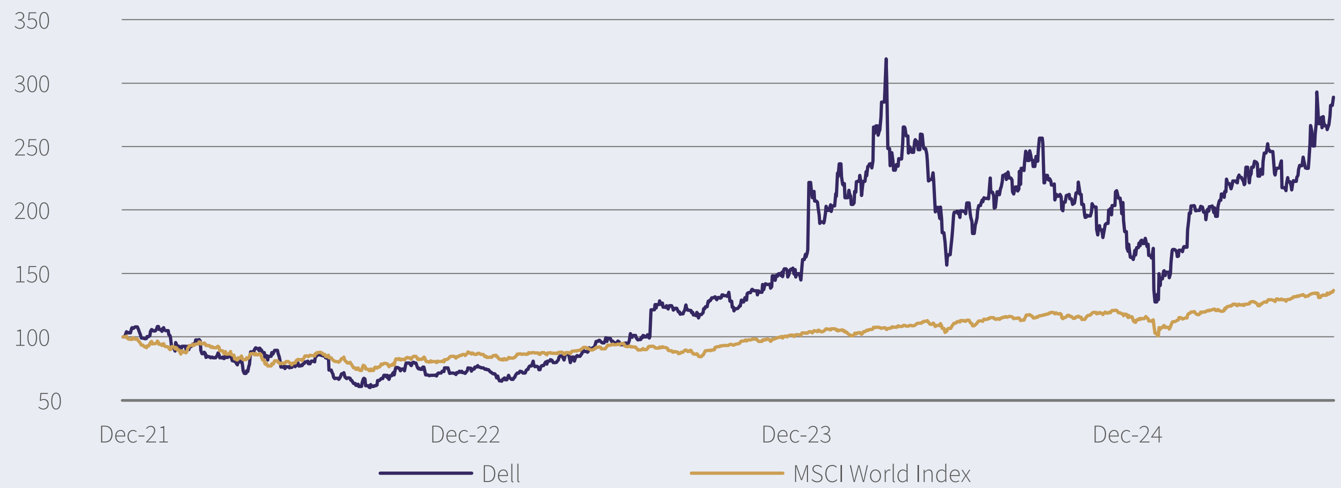
Catalysts

Momentum is strong: Dell's ISG division posted 44% year-on-year growth to USD16.8bn in its latest quarter, with servers and networking up 69%, reflecting surging demand for AI-ready infrastructure. Management expects USD20bn in AI server revenue this year, a significant increase from previous forecasts and reflects the company's market leadership in AI servers. The strategic partnership with Nvidia positions Dell as a critical enabler of next-generation compute power.

We see upside to management's 7–9% revenue growth target, driven by ISG momentum. We also see room for positive surprises in the AI server profitability after initial ramp-up costs in the first half of 2025 resulted in margins below market expectations. Dell has raised its operating profit outlook and plans USD4bn in annual buybacks, returning 80%+ of free cash flow to shareholders. With 15%+ earnings growth expected and a valuation of 14.5x forward earnings, Dell trades at a steep discount to the S&P 500 despite its improving growth profile.

Beyond data centres, if enterprises and consumers begin upgrading hardware for AI workflows with the likes of AI-powered PCs and laptops, Dell could unlock another growth wave that few are talking about. Meanwhile, its services business, already 25% of revenue could add recurring income and customer stickiness, helping Dell to become a better company than it was in the past.

Dell Technologies chart




DELLTechnologies

05

Performance update

Company	Recommendation	Rating	Currency	Price	FV	Upside	Quarter return (%)	YTD (%)
DIGITAL FRONTIERS								
Artificial Intelligence								
Advanced Micro Devices	BUY	★★★★★	USD	259.67	250	-3.7%	14.02	33.94
ASML	BUY	★★★★	EUR	910.30	859	-5.6%	22.52	22.97
Broadcom	BUY	★★★★	USD	362.05	380	5.0%	19.89	43.33
Cadence	HOLD	★★★	USD	351.40	365	3.9%	13.99	16.91
Nvidia	HOLD	★★★	USD	191.49	185	-3.4%	18.10	38.97
TSMC	BUY	★★★★	USD	298.25	226	-24.2%	23.70	42.93
Data centre infrastructure								
Caterpillar	HOLD	★★★	USD	527.07	415	-21.3%	23.36	33.14
Dell Technologies	BUY	★★★★	USD	162.19	155	-4.4%	16.12	24.79
Eaton Corporation	BUY	★★★★★	USD	379.74	415	9.3%	5.14	13.91
Legrand	HOLD	★★★	EUR	148.00	155	4.7%	23.88	52.58
Schneider Electric S.E.	HOLD	★★★	EUR	256.30	235	-8.3%	5.23	0.38
Cybersecurity								
CrowdStrike Holdings	BUY	★★★★	USD	529.70	565	6.7%	-3.72	43.32
Fortinet	HOLD	★★★	USD	85.29	96	12.6%	-20.47	-11.01
Palo Alto Networks	BUY	★★★★★	USD	220.29	243	10.3%	-0.50	11.90
Zscaler	BUY	★★★★	USD	326.33	327	0.2%	-4.55	66.10
The cloud (Hyperscalers and Software)								
Alphabet	HOLD	★★★	USD	269.27	260	-3.4%	38.07	28.84
Amazon	BUY	★★★★	USD	226.97	246	8.4%	0.08	0.08
Microsoft	BUY	★★★★	USD	531.52	615	15.7%	4.30	23.56
Oracle Corporation	BUY	★★★★	USD	281.40	350	24.4%	28.91	70.20
Palantir Technologies	BUY	★★★★	USD	189.18	199	5.2%	33.82	141.20
Salesforce	BUY	★★★★★	USD	255.47	405	58.5%	-12.94	-28.76
ServiceNow	BUY	★★★★★	USD	946.29	1212	28.1%	-10.49	-13.19
Industry 5.0								
Analog Devices	BUY	★★★★	USD	243.01	265	9.0%	3.64	17.14
Dassault Systemes	HOLD	★★★	EUR	24.98	28	12.1%	-7.22	-14.23
Honeywell International	BUY	★★★★	USD	215.07	260	20.9%	-9.14	-5.35
Infineon Technologies	BUY	★★★★	EUR	34.95	41	17.3%	-8.14	6.61
Siemens Aktiengesellschaft	BUY	★★★★	EUR	245.75	255	3.8%	5.11	24.51
Blockchain								
Coinbase	BUY	★★★★	USD	361.43	365	1.0%	-3.71	35.92
JPMorgan Chase	HOLD	★★★	USD	304.15	309	1.6%	9.32	33.78
Mastercard	BUY	★★★★	USD	572.36	655	14.4%	1.36	8.49
Visa	BUY	★★★★	USD	347.34	398	14.6%	-3.68	8.57
ENTERTAINMENT & LIFESTYLE								
Social & Intelligent Commerce								
Alibaba Group Holding Limited	BUY	★★★★	USD	179.45	212	18.1%	57.60	114.41
Amazon	BUY	★★★★	USD	226.97	246	8.4%	0.08	0.08
JD.com	BUY	★★★★	USD	34.20	36	5.3%	7.17	3.95
Shopify	BUY	★★★★	USD	175.06	185	5.7%	28.83	39.76
Tencent	HOLD	★★★	HKD	645.00	665	3.1%	31.81	60.40
Streaming & Entertainment								
Netflix	HOLD	★★★	USD	1,094.56	1250	14.2%	-10.47	34.51
Nintendo Co. Ltd.	BUY	★★★★	JPY	13,025.00	14500	11.3%	-7.74	39.31
Spotify Technology S.A.	BUY	★★★★	USD	657.80	790	20.1%	-9.04	56.02
The Walt Disney	HOLD	★★★	USD	112.34	120	6.8%	-7.67	3.26
Sports, Travel & Experience								
Booking Holdings	HOLD	★★★	USD	5,254.40	5250	-0.1%	-6.57	9.27
EssilorLuxottica Societe anonyme	BUY	★★★★	EUR	317.90	360	13.2%	18.51	19.05
Monster Beverage Corporation	HOLD	★★★	USD	69.68	65	-6.7%	7.46	28.06
Nike	HOLD	★★★	USD	68.59	75	9.3%	-1.32	-6.28
Uber	BUY	★★★★	USD	96.42	113	17.2%	5.01	62.42

Company	Recommendation	Rating	Currency	Price	FV	Upside	Quarter return (%)	YTD (%)
BODY, MIND AND THE FUTURE								
Health, Weight loss & Wellness								
AstraZeneca	**BUY**	★★★★★	GBP	128.3	148	15.3%	**11.27**	**9.12**
Eli Lilly and Company	**BUY**	★★★★	USD	826.41	964	16.6%	**-1.91**	**-0.58**
Galderma	**HOLD**	★★★	CHF	141.50	130	-8.1%	**20.26**	**37.64**
Givaudan	**BUY**	★★★★	CHF	3,436.00	4340	26.3%	**-15.86**	**-17.02**
Novo Nordisk	**BUY**	★★★★	DKK	340.95	455	33.5%	**-20.70**	**-43.22**
Thermo Fisher	**BUY**	★★★★	USD	563.78	705	25.0%	**19.73**	**-6.51**
Silver Economy								
Allianz	**HOLD**	★★★	EUR	356.00	360	1.1%	**3.87**	**25.92**
Ferrari	**BUY**	★★★★	EUR	349.10	383	9.7%	**-1.08**	**0.57**
Hermes	**BUY**	★★★★	EUR	2,199.00	2727	24.0%	**-9.40**	**-9.36**
Intuitive Surgical	**BUY**	★★★★	USD	551.25	610	10.7%	**-17.70**	**-14.32**
Sonova Holding	**HOLD**	★★★	CHF	224.40	240	7.0%	**-8.38**	**-25.62**
Straumann Holding	**HOLD**	★★★	CHF	89.58	95	6.1%	**-18.01**	**-24.96**
SUSTAINABILITY								
Blue Gold								
Ecolab	**HOLD**	★★★	USD	279.71	278	-0.6%	**1.89**	**17.75**
Geberit	**HOLD**	★★★	CHF	602.00	595	-1.2%	**-4.29**	**18.80**
Veolia Environnement	**BUY**	★★★★	EUR	29.30	34	16.0%	**-4.20**	**11.83**
Veralto	**HOLD**	★★★	USD	104.12	110	5.6%	**5.72**	**5.01**
Environment investing								
E.ON	**BUY**	★★★★	EUR	16.13	18	11.6%	**2.86**	**47.82**
Iberdrola S.A.	**BUY**	★★★★	EUR	17.38	19	9.3%	**1.41**	**26.42**
NextEra Energy	**BUY**	★★★★	USD	86.03	93	8.1%	**9.60**	**7.85**
Schneider Electric S.E.	**HOLD**	★★★	EUR	256.30	235	-8.3%	**5.23**	**0.38**

Note: We have made some changes to our thematics portfolio. New names are in bold, and we have taken the following names out of our investment universe: Adobe, Belimo, Check Point Software, Comcast, Comet, Fanuc Corporation, General Electric, International Business Machines Corporation, L Oreal, RWE Aktiengesellschaft, SAP, Shell, Sika, Swiss Life Holding, VAT Group

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Important information