

# Portfolio Management Quarterly Report.

Q1 2025



*Gutmann*  
PRIVATE BANKERS

# Executive Summary.

- **Volatile Markets at the Start of the Year:**  
The first quarter of 2025 was marked by strong price fluctuations in the stock markets. Our strategy has proven effective.
- **Pressure on Digitalization Stocks:**  
The breakthrough of the AI platform DeepSeek in China led to a re-evaluation of many technology stocks. However, some companies continue to show high growth rates.
- **Stability Through Diversification:**  
Diverse themes and strategies are a stabilizing factor. The dividend strategy and Japanese equities have developed positively.
- **Geopolitical and Currency Policy Influences:**  
U.S. tariff policy, the weaker U.S. dollar, and political decisions impacted the financial markets.
- **Bonds with Potential:**  
Despite short-term setbacks, bonds offer the best real returns of the past decade.



## UPS & DOWNS IN THE NEW YEAR.

In the first quarter, we experienced an emotional rollercoaster on the stock market that would have been enough for an entire year. Our clear strategy and discipline help in a challenging environment.

There are years when nothing happens, and weeks when years unfold. After two strong years for stocks, characterized by significant activity, the first quarter displayed a markedly different dynamic. The start of the year was promising, but erratic statements from the U.S. President caused uncertainty. And if there is one thing the stock market dislikes, it is uncertainty. The markets' response was nearly palpable: "Well, what now?!"

It is precisely in such phases that the value of a clear strategy and disciplined action becomes apparent. Panic leads to ill-considered decisions, and these rarely yield good results. Under pressure, you don't rise to the occasion, you fall to the highest level of preparation.

This is exactly why we continuously scrutinize our investment strategy. Not to avoid setbacks - those are an inherent part of the process - but to prevent permanent capital loss and capitalize on opportunities.

The balance between maximizing returns and minimizing risk guides our actions. The first quarter of 2025 was a test for the Gutmann strategy. The conclusion: our approach is robust and works as expected. Price declines are never pleasant. However, they are the price of long-term success.



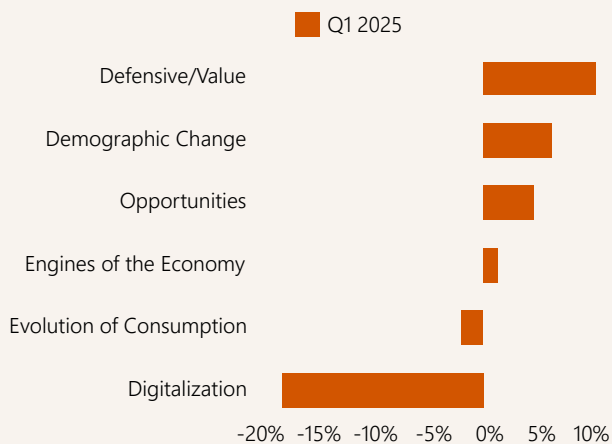
Robert Karas  
Chief Investment Officer  
Partner

# Balance Amidst the Storm.

It is astonishing how often the rankings in the stock market are shuffled around the turn of the year. The past two years were dominated by the digitalization boom. However, with DeepSeek's technological advancement in China, a re-evaluation occurred. Initially, only AI stocks were affected, but gradually, other tech segments came under pressure. The chart on page 7 illustrates that AI companies, in particular, faced difficulties.

## Themes of Gutmann Core Equities Strategy

Past performance is not indicative of future returns.



The Defensive/Value and Demographic Change equity segments, along with Opportunities, showed the strongest performance in the first quarter. Notable price declines were recorded in stocks from the Digitalization segment.

Performance Gutmann Core Equities over 10 years: 2014 11.62%, 2015 9.61%, 2016 8.94%, 2017 4.52%, 2018 -9.36%, 2019 29.11%, 2020 4.34%, 2021 26.35%, 2022 -12.23%, 2023 18.23%, 2024 18.92%.

Subscription fees of up to 4% are excluded from the performance data. Performance is presented in EUR. Due to currency fluctuations, returns for investors with a different reference currency may vary. Clients of Bank Gutmann are not subject to any subscription fees.

Performance calculation by Gutmann KAG, data as of March 31, 2025.

The AI revolution remains a key theme. But who are the winners and losers? There is no definitive answer to this question yet. However, it is clear that artificial intelligence requires substantial computing power and is associated with high energy consumption. Until mid-quarter, chip manufacturers, software providers, data center operators, and some utility companies benefited. However, they came under strong pressure in the second half. This is also reflected in their performance, which varies based on the role of AI in the business models of individual companies. The price development of the AI segments within the Gutmann Core Equities strategy can be found on page 7.

## A lesson in diversification

Our advantage: We were never too heavily focussed on the technology sector. Over the past two years, we have taken profits and invested in themes like "Demographic Change" and "Defensive/Value." However, this was not a decision based on sector allocation. Rather, the transactions arose from our analysis of individual stocks and our discipline of quarterly rebalancing. For instance, in October 2024, we reduced our position in Nvidia and increased our investment in Roche.

The first quarter proved to be a lesson in diversification. The chart on the left illustrates that, despite a quarter with negative market developments, some themes were able to achieve positive returns.

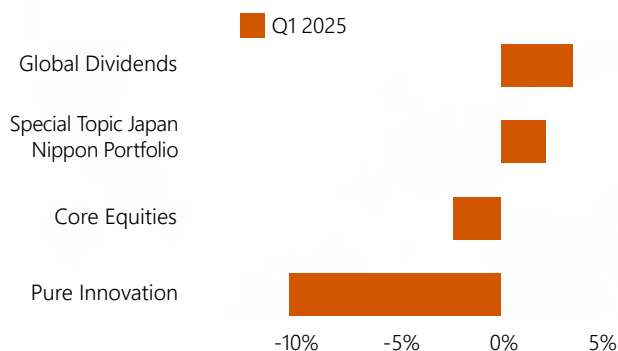
Particularly noteworthy: Companies that had to reposition themselves in recent years returned with price gains — including well-known companies such as Nestlé, BASF, Nordea Bank, Roche, and Philip Morris International.

# Stability Through Strategy.

The in-house dividend strategy and Japanese equities contributed positively.

## Performance Gutmann Equity Strategy

Past performance is not indicative of future returns.



Global Dividends and the specialty Japan Nippon Portfolio recorded positive returns in the first quarter of 2025. Core Equities and Pure Innovation ended in negative territory.

Performance over a decade:

Gutmann Core Equities: 2014 11.62%, 2015 9.61%, 2016 8.94%, 2017 4.52%, 2018 -9.36%, 2019 29.11%, 2020 4.34%, 2021 26.35%, 2022 -12.23%, 2023 18.23%, 2024 18.92%.

Gutmann Global Dividends: 2014 16.55%, 2015 10.20%, 2016 7.58%, 2017 4.31%, 2018 -5.15%, 2019 22.95%, 2020 -8.25%, 2021 25.85%, 2022 1.46%, 2023 3.38%, 2024 14.03%.

Gutmann Pure Innovation: 2022 -13.42% (fund launch in March 2022), 2023 15.49%, 2024 1.86%.

Nippon Portfolio (EUR): 2014 7.83%, 2015 18.05%, 2016 6.01%, 2017 4.53%, 2018 -18.95%, 2019 20.85%, 2020 10.36%, 2021 5.74%, 2022 -15.95%, 2023 15.28%, 2024 10.61%.

Subscription fees of up to 5% are excluded from the performance data. Performance is presented in EUR. Due to currency fluctuations, returns for investors with a different reference currency may vary. Clients of Bank Gutmann are not subject to any subscription fees.

Performance calculation by Gutmann KAG, data as of March 31, 2025.

The Gutmann Core Equities Strategy accounts for 69% of the total Gutmann equity strategy. The chart on the left shows that different strategies also contribute to stability.

Thus, the in-house dividend strategy made positive contributions, and our Japanese stocks also performed well.

## Strategy Shift in Japan

In Japan, an increasing number of companies are adjusting their capital allocation strategies to enhance shareholder value. The emphasis is on return on equity (ROE). Any company trading below book value is taking measures to change that. An established approach is to increase the dividend. This often does not need to be generated through earnings but is already reflected on the overcapitalized balance sheet.

The Gutmann Pure Innovation Strategy was the worst performer in the first quarter. With only 4% weighting, it is a small component of the Gutmann Equity Strategy. Despite the negative price development, some companies showed bright spots in earnings and margins. However, smaller titles suffered particularly from market sentiment. But, like a ball pushed under water, we expect a quick recovery once the pressure subsides.

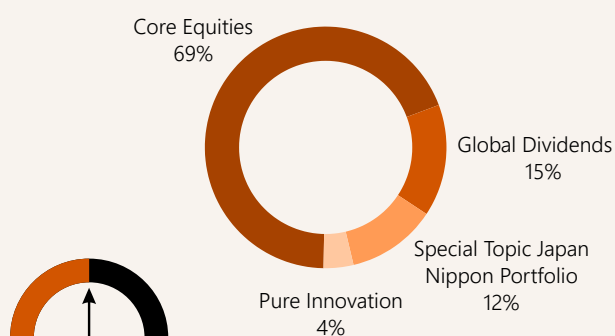
# Spotlight on Geopolitics.

We continuously analyze how geopolitical changes could impact our existing equity positions — for example, through new tariffs in the U.S. and other countries. Indeed, many of our European companies have a strong U.S. orientation. Are these particularly affected by the new tariffs?

No, the risk of trade barriers is manageable: A limited percentage exports physical goods to the United States. Most companies with significant U.S. business produce their goods locally or even have U.S. subsidiaries.

We generally steer clear of particularly exposed sectors, such as automobile or steel stocks.

## Gutmann Equity Strategy



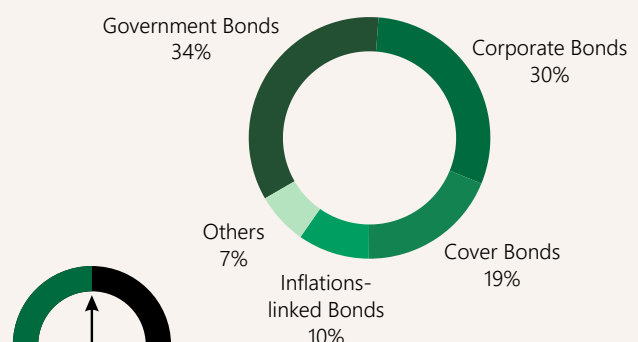
The speedometer indicates our current equity positioning: It corresponds to the strategic weighting. The Core Equities segment continues to be the most significantly weighted.

## Bonds and (geo)politics

Bond prices started to fluctuate. In Germany, the debt brake was relaxed, and a EUR 500 billion infrastructure fund was launched. The market reaction? Logically, higher debt requires the issuance of new bonds. To attract buyers, the conditions must become more attractive. Hence, higher coupons are expected. The market has anticipated this development and bond prices have consequently fallen, while yields have risen.

German and European equities emerged as beneficiaries of the planned 500-billion-euro fund. However, at the same time, U.S. stocks suffered. This has reduced the diversifying effect of equities and bonds in the portfolio.

## Segments of the Gutmann Bond Strategy



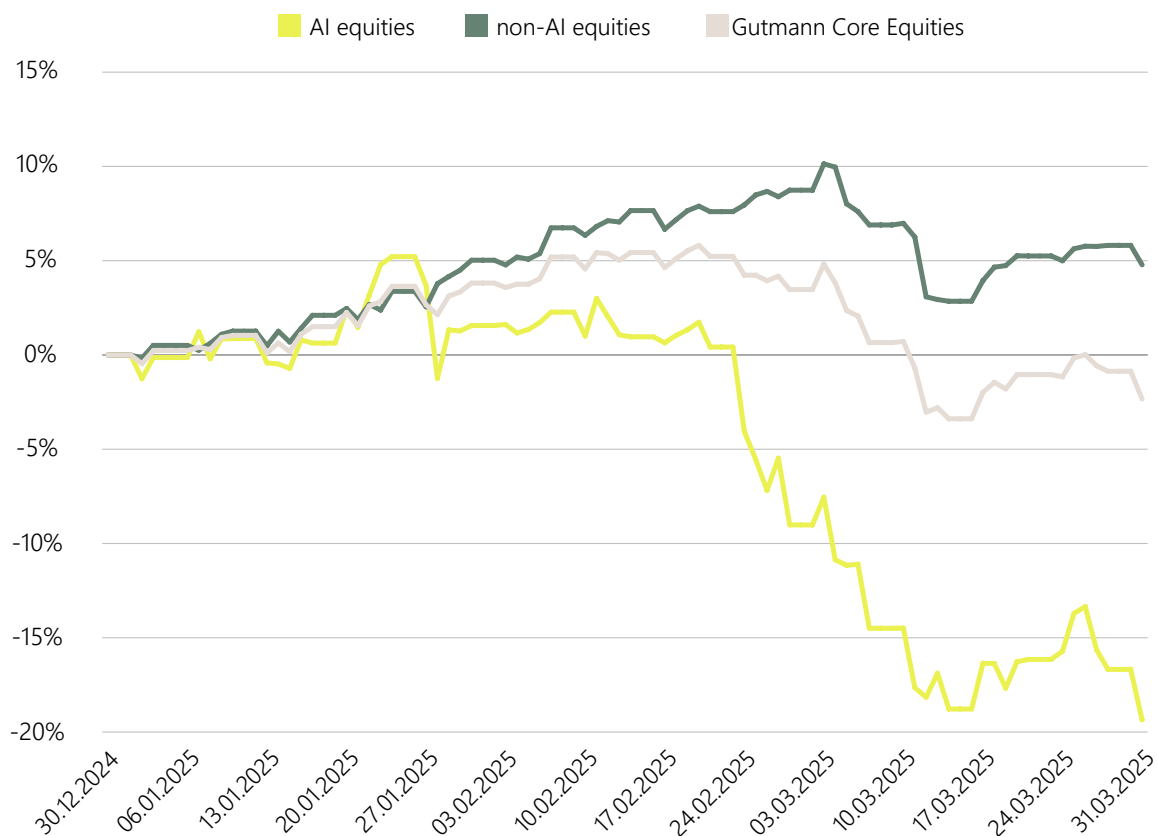
The speedometer indicates our current bond weighting, which corresponds to the strategic weighting. Government bonds and bonds from selected corporations are the most significant segments of the Gutmann Bond Strategy.





# AI Stocks Take a Hit.

Past performance is not indicative of future returns.



The chart shows AI stocks and all other titles in the Gutmann Core Equities Strategy. Both coloured lines together represent the overall performance of Gutmann Core Equities Strategy.

AI stocks came under heavy pressure starting in mid-February. These include shares from Akamai, Amazon, Adobe, Alphabet, Intuit, Microsoft, Marvell, Nvidia, Pure Storage, Qualcomm, SAP, Salesforce, and nVent Electric. The Gutmann Core Equities Strategy, however, benefited from diversification across different themes.

Data by Gutmann KAG, from the start of the year to March 31, 2025, gross performance of "AI equities" and "non-AI equities", net performance of Gutmann Core Equities. The 10-year net performance of Core Equities can be found on page 5.

# Withstanding the Dollar's Weakness.

President Donald Trump changed the rules of global trade. Pending tariffs do not have an impact only from their effective date. Market participants had to position themselves early.

As often happens, currency blocs reacted with notable sensitivity. The U.S. dollar weakened against the euro, amplifying the setback for U.S. equities. The greenback remains the most important foreign currency in the portfolio, but we deem its allocation to be appropriate.

On the one hand, our bond portfolio contains very few foreign currencies; on the other hand, our U.S. dollar exposure in equities is considerably below that of the global market index. Thus, while we could not avoid the setback, we were able to limit its impact.

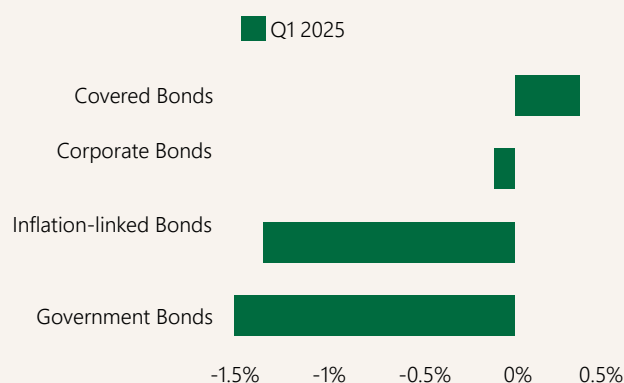
Even inflation-linked bonds experienced negative returns in the first quarter. The German infrastructure package led to only a slight increase in inflation expectations but drove real interest rates higher — which is detrimental to inflation-linked securities.

## Most attractive in a decade

Following the correction, we now see the most attractive real yields in our bond portfolio of the past decade. This means that the conditions for preserving the real value of assets also with bonds are more favorable than at any other time in the last ten years.

## Key Segments Performance of the Gutmann Bond Strategy

Past performance is not indicative of future returns.



In the first quarter of 2025, only the Covered Bonds segment contributed positively.

Performance of the Gutmann Global Bonds Strategy over 10 years: 2014 6.58%, 2015 0.35%, 2016 2.31%, 2017 0.44%, 2018 -1.87%, 2019 3.02%, 2020 0.70%, 2021 -0.60%, 2022 -9.85%, 2023 6.41%, 2024 2.13%.

Subscription fees of up to 3% are excluded from the performance data. The performance is presented in EUR. Due to currency fluctuations, returns for investors with a different reference currency may vary. Clients of Bank Gutmann are not subject to any subscription fees.

Performance calculation by Gutmann KAG, data as of March 31, 2025.





# Prepared for Further Storms.

The mood in the stock market is currently at an interesting juncture. Short-term sentiment indicators suggest a state of extreme pessimism. These indicators consider volatility metrics, investor surveys, trading volumes in the options markets, and capital flows into ETFs (Exchange-Traded Funds).

When the point of maximum pessimism is reached, an upward countermovement occurs. Afterward, the short-term pessimism quickly dissipates as the markets rise for a few days.

Then the question arises: Are the major technology stocks still overvalued? And is a prolonged bear market on the horizon? Or will it remain — as is often the case — a short-term setback of around 10%? In hindsight, the answers to these questions will be obvious. But the future remains unknown.

With our strategy, we maintain balance by focusing on long-term investments in strong business models, implementing strict risk control, and avoiding concentration risks. Fluctuations remain, but they are less pronounced.

Our portfolio is never one-sided — and therefore doesn't capsize even when the markets experience volatility.

In the quarterly report for the 4th quarter of 2024, we noted:

The Gutmann investment strategy is deliberately broadly diversified. This means we don't miss any relevant trends, but at the same time, we're under a protective umbrella when one area loses significance. Or put another way: We rarely stand at the very top of the winners' list. But we also avoid landing far down during setbacks.

## New Opportunities


We would not have thought that this statement would be put to the test so quickly. But the past quarter has shown: All systems are functioning as expected.

Yes, setbacks are unavoidable and can be daunting. But we have avoided "landing far down". However, this alone is not enough. We want to generate profits. And significant price fluctuations always bring new opportunities.

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**Gutmann Global Bonds Strategy may invest mainly in categories of assets other than securities or money market instruments.**

**Due to the composition of the portfolio and the used portfolio management techniques the Gutmann Core Equities, Gutmann Global Dividends, Gutmann Pure Innovation and the Nippon Portfolio under certain circumstances can show an increased volatility, i.e. the value of units may be exposed to high up- and downturns within short periods of time.**

Further Information on the main risks of the Funds can be found in the Key Information Document ("PRIIPs-KID") as well as the prospectus or the information for investors pursuant to Article 21 German Act on Alternative Investment Fund Managers (AIFMG - Alternatives Investmentfonds Manager-Gesetz) under the item "Risk profile of the Fund".

The Funds pursue an active management strategy without reference to a benchmark.

All figures made without guarantees. Errors and omissions excepted.

For interested parties the Key Information Document ("PRIIPs KID") in accordance with the Regulation (EU) No 1286/2014 for Nippon Portfolio, Gutmann Global Bonds Strategy, Gutmann Core Equities, Gutmann Global Dividends and Gutmann Pure Innovation respectively the prospectus in accordance with section 131 InvFG for Nippon Portfolio, Gutmann Core Equities, Gutmann Global Dividends and Gutmann Pure Innovation respectively the Information for investors according to section 21 AIFMG for Gutmann Global Bonds Strategy

in their current versions are provided in German language free of charge at Gutmann KAG and Bank Gutmann AG, both Schwarzenbergplatz 16, 1010 Vienna, Austria and on the Website [www.gutmannfonds.at](http://www.gutmannfonds.at) as well as for Nippon Portfolio, Gutmann Core Equities and Gutmann Global Dividends at the German information center Dkfm. Christian Ebner, Attorney at Law, Theresienhöhe 6a, 80339 Munich as well as for Nippon Portfolio at the Dreyfus Söhne & Cie AG, Aeschenvorstadt 14-16, 4002 Basel. The distribution of fund units was notified to the German Federal Financial Supervisory Authority (BaFin). Gutmann KAG may de-notify the distribution of funds in Germany as far the conditions according to Art 93a of Regulation 2009/65/EG are fulfilled.

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