4TH QUARTER 2025

LMM COMPASS

Dear reader

Currently, the global financial markets are largely shaped by three key themes: artificial intelligence, cryptocurrencies and defense. In the following specialist article, we focus on the topic of cryptocurrencies, providing an overview and analysis.

Jürg Meier
Partner, CEO

Gerhard Seger
Member of the Management Board

THEMES

Market data
Markets and strategies

Specialist article
What are "cryptos"?

LMM Inside
25 years of expertise

MARKET DATA

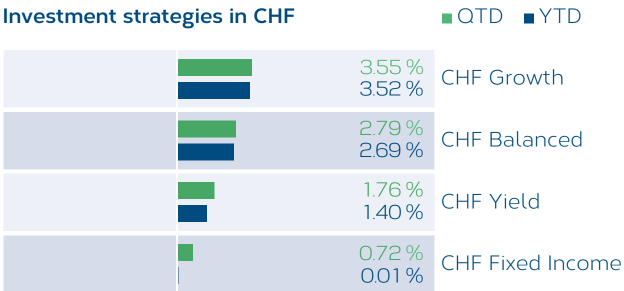
The third quarter was characterized by the announcement of new U.S. tariffs, high expectations surrounding artificial intelligence, and a sharp rise in the gold price. Following interest rate cuts by the ECB and the SNB, the U.S. Federal Reserve also lowered rates for the first time this year in response to signs of weakness in the labor market.

All investment strategies delivered positive performance in the third quarter, supported by falling interest rates (rising bond prices) and strengthening equity markets. Notably, U.S. equities and emerging markets increased their year-to-date performance in USD to around 15% and 28%, respectively. The pattern remains unchanged: the higher the equity allocation, the stronger the annual performance.

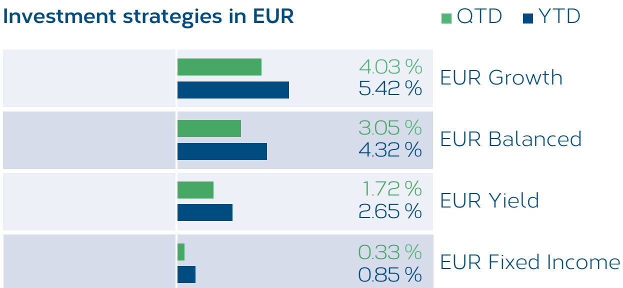
		Value	% QTD	% YTD	Currency
Currencies	EUR / CHF	0.93	+0.06	−0.38	
	EUR / USD	1.17	+0.10	+13.47	
	USD / CHF	0.80	−0.04	−12.21	
	USD / JPY	147.68	+2.24	−6.03	
Bonds	Switzerland		+1.15	+0.58	CHF
	Europe		+0.17	+1.01	EUR
	USA		+2.03	+6.13	USD
	EMMA (Hard Currency)		+3.16	+9.74	USD
	Inflation Linked		+0.04	+8.31	USD
	High Yield		+2.60	+9.60	USD
	World		+0.60	+7.91	USD
Equities	Switzerland		+1.39	+6.67	CHF
	Europe		+3.51	+12.36	EUR
	North America		+8.03	+14.65	USD
	Pacific		+7.11	+20.70	USD
	EMMA		+10.64	+27.53	USD
	World		+7.62	+18.44	USD
Alternatives	Real Estate		+4.31	+11.26	USD
	Commodities		+2.56	+5.94	USD
	Gold		+16.86	+47.01	USD
	Private Equity (listed)		+0.87	+2.44	USD
	Hedge Fonds		+3.19	+5.65	USD

Calculation LMM; reference date 01.01.–30.09.2025

Investment strategies in CHF



Investment strategies in EUR



Note: the figures are before costs
Calculation LMM; Period 01.01.–30.09.2025

WHAT ARE "CRYPTOS"?

Cryptos are digital currencies and systems that operate independently of banks, representing a blend of technology, money, and investment assets.

What are the main opportunities and risks?

Opportunities

- Decentralization, high return potential, transparency, security, innovation, global accessibility

Risks

- High volatility, regulatory uncertainty, risk of loss, lack of intrinsic value, environmental impact (energy-intensive "mining" for certain coins)

What distinguishes Bitcoin from Altcoins and Stablecoins?

1. Bitcoin (BTC)

- The first and most well-known cryptocurrency (since 2009) with a limited supply
- Main goal: a digital, decentralized means of payment and store of value ("digital gold")

2. Altcoins (Alternative Coins)

- Collective term for all cryptocurrencies other than Bitcoin, often designed for specific use cases. Examples include Ethereum (ETH), Cardano (ADA), Solana (SOL), and Ripple (XRP)
- Often more innovative but also riskier than Bitcoin

3. Stablecoins

- Cryptocurrencies pegged to a stable value (usually the US dollar)
- Examples: USDT (Tether), USDC, DAI
- Use cases: commonly used for trading on crypto exchanges or as a safe haven within the crypto market

In summary:

- **Bitcoin** = "digital gold," independent and scarce
- **Altcoins** = all other cryptos, often with additional functions
- **Stablecoins** = value-stable cryptos, typically pegged to the dollar

What are the goals of investing in these cryptocurrencies?

1. Bitcoin (BTC)

- Often viewed as a **store of value ("digital gold")**
- Limited supply = protection against inflation

2. Altcoins

- High potential for **innovation** (smart contracts, DeFi, NFTs, metaverse)
- Potential for **higher returns,** but also higher risks

3. Stablecoins

- **No significant value appreciation,** as they are pegged to the dollar or euro
- Useful for parking **capital** within the crypto market or for **quick transfers**

In summary:

- **Bitcoin** = relatively "safe haven" within the crypto sector
- **Altcoins** = riskier, but with greater growth potential
- **Stablecoins** = No appreciation in value, but stability and interest.

Important note: Invest only through **reputable providers – and never more than you can afford to lose.**

Are cryptocurrencies considered by major investors?
For a long time, cryptocurrencies were viewed as a niche investment for private investors. However, things have changed:

- **Institutional investors** (e.g. hedge funds, family offices, pension funds) are increasingly engaging with Bitcoin and other cryptocurrencies.
- **ETFs/ETNs based on Bitcoin and Ethereum** have made investing easier (for example, since 2024 in the U.S., the launch of a spot Bitcoin ETF).
- Many large investors still use cryptocurrencies only to a limited extent, mainly as a portfolio addition or speculative investment.

How does the market capitalization of crypto-currencies compare to stocks and bonds?

Market capitalization comparison
(as of September 2025, approximate figures):

- **All cryptocurrencies combined:** about USD 3.4 trillion (around 50 % of that is Bitcoin)
- **Global stock markets:** over USD 127 trillion
- **Global bond markets:** over USD 137 trillion

Cryptocurrencies therefore account for around 3 % of the total global financial markets.

Conclusion: Cryptocurrencies should continue to be viewed solely as a supplementary asset, with a particular focus on Bitcoin and secure storage.

LMM INSIDE

25 YEARS OF EXPERTISE

On September 12, 2025, we celebrated 25 years of expertise in investment controlling. The success of the past 25 years is closely linked to the trust and loyalty of our clients, which have been key contributors to LMM's growth and development.

Equally important are our employees: through their commitment, teamwork, and enthusiasm, LMM and the entire Home of Finance have become a place where team spirit and professionalism come together.

LMM Investment Controlling Ltd. (Head office)
Zollstrasse 32 · P.O. Box 174 · LI-9490 Vaduz

www.lmm-ic.com

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