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Research & Capital Advice

RESCAD Funds – Income CHF - I

Market Comment March 2025

During the month of March 2025, the Income CHF-I Fund posted a performance of -0.90% vs -0.63% for its customized benchmark. For the full year 2025 the fund posted a return of +1.24% compared to +1.59% for its benchmark. Since inception, on November 29, 2019, the performance stands at +11.32% vs +11.17% for its corresponding benchmark. Fixed Income performed -0.53% vs -1.00% for the benchmark in March 2025. The equity side posted -4.95% vs -3.25% for the benchmark, with Japanese equities being the best performers with -1.99% vs -1.79% of the benchmark. US Equities posted a dismal -8.50% vs -7.50% of the benchmark. Swiss Indirect real estate pursued the positive trend seen in February, posting +1.55%, vs +1.17% of the benchmark.

Stock markets across the world fell heavily during the month of March after Donald Trump suggested that new tariffs would hit all countries. Shares fell across Asia-Pacific markets, in Europe and in the US after the US president crushed hopes that reciprocal tariffs would target only countries that have the largest trade imbalances with the US. Will Trump's 'liberation day' be the start of a trade war – or another climbdown? On Monday March 31, the threat of a deepening trade war spooked investors. In Tokyo, Japan's Nikkei index lost 4% and South Korea's Kospi fell 3%.

The wave of selling swept into European markets as well – the UK's FTSE 100 fell 0.9%, Germany's DAX was down 1.3% and France's CAC lost 1.6%. A selling wave is sweeping across global market as the tariffs imposed by the US government and the fear of new announcements as early as Wednesday are creating a bleak atmosphere on trading floors worldwide. Gold hit a record high of $3,128 per ounce, as investors rushed into safe-haven assets before Trump's latest tariffs. Economists fear that adding tariffs on imported goods will push up US inflation as importers pass on costs to customers, and also hurt confidence. Data last Friday showed consumer sentiment across America had fallen sharply this month, to its lowest level since 2022, knocking shares in New York. Goldman Sachs has now raised its estimate for the probability of a US recession during the next 12 months to 35%, up from 20% previously, and warned that this would typically lead to further losses on Wall Street.

The historical equity market recession playbook implies a roughly 25% S&P 500 drawdown from the recent market peak. If followed, this pattern would suggest a further 17% drawdown from today's price to a trough level of roughly 4,600. The Swiss bank UBS has cut its forecasts for where the S&P 500 index of US stocks will end the year, from 6,600 points to 6,400. Trade war fears have hurt markets during March, a month in which Trump announced new 25% tariffs on auto imports. An index of global stocks produced by MSCI has fallen by 4.5% this month, its worst monthly performance since September 2022.

Gian Heim, Marc Bollet / Portfolio managers

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