

MONTHLY NEWSLETTER

MIRABAUD WEALTH MANAGEMENT



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INTERNATIONAL

IN TECH WE TRUST

In 2023, AI was magic. In 2024, it was disruption. By July 2025, it became something subtler: deployment. There were no viral breakthroughs or grand unveilings, except DeepSeek in January, but beneath the surface, systems quietly locked into place. Governments signed frameworks. Companies scaled infrastructure. Education grants were issued, chip exports negotiated, and quiet acquisitions closed behind the scenes. It didn't feel like a revolution; it felt like administration. Whilst Donald Trump was stealing the show with the tariffs' saga, capital

moved with conviction, and the architecture for long-term AI expansion was laid down. If the past two years were about proving what AI could do, this year is about proving it can last, and it does, quietly but unmistakably.

This month, much of the industry's attention converged on the same story, the impending release of OpenAI's GPT-5 and its impact on the intensifying race with Elon Musk's xAI.

The launch eventually came as I was writing this letter: early previews from select enterprise testers point to major gains in reasoning accuracy, multi-modal capability, and long-form coherence. Unlike past versions, GPT-5 integrates text, audio, video, and code generation into a unified framework, allowing for fluid switching between formats in the same conversation. For OpenAI, whose latest valuation came in at \$500 billion, this update is a strategic move in an escalating rivalry with xAI.

Meanwhile, xAI is closing another funding round, pushing its valuation toward the \$400 billion mark. Musk's company has been building momentum with massive GPU orders, proprietary data strategies, and deep integration across Tesla, SpaceX, and X. Its pitch is clear: xAI aims to create an integrated AI stack, from training hardware to real-world deployment, which could eventually surpass OpenAI in scale and reach. In boardrooms, investor memos, and talent negotiations, the question is no longer whether AI will dominate the market; it's which of these two companies will control the most valuable share of it.

This duel is unfolding in a broader context of heavy government activity. In Washington, the White House has rolled out a sweeping AI Action Plan with 90 federal initiatives aimed at accelerating domestic leadership. The agenda includes targeted deregulation, semiconductor manufacturing expansion, massive data center investments, and procurement guidelines for federal AI use. Europe is advancing its EU AI Act with a voluntary Code of Practice for transparency and safety, even if Meta and other firms have declined to sign. China's World AI Conference became a stage to call for multilateral governance while warning against a concentration of AI power in just a few hands, a statement that applies equally to nations and corporations like OpenAI and xAI.

« (...) AI WILL CONTINUE TO RESHAPE THE WORLD'S ECONOMY AND THE INVESTORS THAT ARE TOO AFRAID TO TAKE THE RISK WILL SIMPLY REGRET NOT TO HAVE JOINED THIS TECHNOLOGICAL BREAKTHROUGH. »

Beyond these two private companies, the publicly traded tech giants are positioning themselves for the long term. Meta is deepening AI integration across Threads, Instagram, and Facebook while piloting AI assistants in Messenger and Amazon just poured \$31 billion into AWS infrastructure in Q2 to keep up with AI workloads. NVIDIA has become the first company to surpass the \$4 trillion market cap, powered by demand for its H100 and H20 AI chips and Google has expanded Gemini access and committed \$1 billion to AI education in U.S. universities. Apple, while quieter publicly, has accelerated internal AI research and is exploring partnerships with both OpenAI and Anthropic to upgrade Siri's capabilities. Microsoft is reinforcing its

dominance in enterprise AI, with Azure revenue up 39% from OpenAI integrations and long-term contracts, alongside a \$4 billion commitment to AI education globally.

Investors are clearly excited to see these huge investments from the mega caps and remain confident in their ability to keep innovating. They expect even higher profits as a result, which is why technological stocks continue to outperform; the Nasdaq 100 is now up 10.96% year-to-date. The rally since April's low is even more impressive as the index has gained 36.13%. Every bit of selling pressure has been quickly erased by the strong flows of capital willing to buy the dip, and there's little sign of that changing.

Performance of the main financial indices since 2021:

	July	July\$	2025	2025\$	2024	2024\$	2023	2023\$	2022	2022\$	2021	2021\$
S&P 500	2.24		8.58		25.0		26.3		-18.1		28.7	28.7
Stoxx 50	0.47	-2.44	11.59	23.18	11.9	4.7	23.2	27.3	-8.5	-14.0	24.1	15.6
MSCI EM	2.01		17.86		8.0		10.1		-19.9		-2.3	
Brazil Bovespa	-4.17	-6.81	10.63	22.28	-10.4	-29.6	22.3	33.1	4.7	10.1	-11.9	-18.1
Euro	-3.16		10.25		-6.2		3.1		-5.8		-6.9	
US Dollar Index	3.19		-7.85		7.1		-2.1		8.2		6.4	
Gold Spot	-0.40		25.35		27.2		13.1		-0.3		-3.6	
Brazilian Real	-2.99		10.25		-21.4		8.9		5.4		-6.8	
Global Agg.	-1.49		5.67		-1.7		5.7		-16.2		-4.7	
Latam Bonds	0.81		6.86		10.5		11.1		-13.2		-2.5	
Global HY	0.38		7.23		9.2		14.0		-12.7		1.0	
UST Bills	0.35		2.46		5.3		5.1		1.3		0.0	
Brazil CDI	1.28	-1.77	7.77	18.31	10.9	-12.9	13.0	24.8	12.4	18.4	4.4	-2.7

Public sentiment continues to evolve. AI is woven into daily life, from voice assistants to content recommendations, yet concerns over bias, privacy, and job displacement are growing. Transparency measures, such as watermarking AI-generated content, are becoming more common. Meanwhile, open-source AI projects in France, India, and elsewhere are proving competitive with proprietary models, raising new debates over accountability and control.

The momentum we can feel feeds itself. Better AI models attract more users, which generate more data, which in turn leads to better models. This virtuous cycle allows exponential growth with limited marginal costs. For investors, it's not just a buzz, it's a business transformation already unfolding at scale.

For this reason, this month, we decided to switch our US mid-caps exposure into US large-caps as those are the most likely to benefit from the AI transformation thanks to their tremendous investment capacity. In the event of a minor pullback, we are prepared to buy the dip, as most of these companies provide services and are

therefore unlikely to be directly affected by tariffs imposed by the Republican administration. We are not the only ones ready to buy; there are today more than \$7 trillion invested in money market funds that may be redeemed anytime for buying the dip. Moreover, from September on, we may have an increase in flows, as companies will once again be allowed to do share buybacks after the end of the earnings season. Of course, the equity market is now expensive and this is why we believe in a small window of opportunity to come. We are ready to seize it because AI will continue to reshape the world's economy and the investors that are too afraid to take the risk will simply regret not to have joined this technological breakthrough.

In July, apart from the shift above to large caps, on the currency side, we hedged the US Dollar further in Euro and Swiss Franc portfolios and we decided to go overweight Euro in Dollar-denominated accounts. Finally, we also took the decision to increase the EM debt exposure within the fixed income pocket.

**Eric Hatisuka**

CIO Mirabaud Brazil

BRAZIL**“TIS THE TIMES' PLAGUE, WHEN MADMEN LEAD THE BLIND”***Earl of Gloucester, in King Lear*

In Shakespeare's epic tragedy, an elderly King Lear decides to divide his kingdom among his three daughters, Goneril, Regan and Cordelia, but uses only their declarations of love and gratitude for their father as a criterion.

Goneril and Regan, who make flattering speeches, are favored by their father, while Cordelia, the youngest, impatient with the farcical scene she witnesses, responds curtly that she loves him “as much as a daughter should love her father”, and is therefore disinherited and banished from the kingdom by her own father.

Just like King Lear in Shakespeare's play, in today's world, there is an increasingly pronounced and dominant tendency for, each political and economic event that occurs, to be given importance only to the analysis that reaches exactly the conclusion that each person would like to hear.

In the age of social media, analysts no longer make analyses, but judgments.

In the case of Trade War 2 (TW2), supporters of the American president blindly believe that this will solve the problem of the extraordinary American trade deficit and “bring jobs back”, while Trump's detractors believe, even more blindly, that this will precipitate the inexorable fall of American economic hegemony.

During the period when this event caused markets to plummet, between January and April this year, the S&P500 stock index fell by roughly 20% and the DXY index (composed of a basket of currencies: USD versus EUR, JPY, GBP, CHF, CAD and SEK) fell by almost 10%, leading to the prevailing interpretation that TW2 would deprive the United States of its exceptional global economic position.

The truth is that, under the dominance of social media and the hunt for clicks, the potential for spreading fatalistic analyses is much greater than that of any rational cartesian analysis, regardless of the subject.

In the age of social media, even more madmen are leading even more blindmen.

In our February Monthly Letter ("What Trade War 2 means for Brazil"), we argued that, despite the noise, the potential for TW2 to significantly affect the global economic status quo, for good or bad, was relatively small, as sound economic theory shows that the adjustment would occur mainly between the relative prices of traded goods, insignificantly affecting relevant macroeconomic variables, as inflation and GDP.

In the same analysis, based on Triffin's Dilemma, we argued that the probability of the United States losing its economic hegemony was negligible, due to the absolute lack of another country with the economic capacity, political will, and institutional credibility to incur the severe current account deficits that the status of global reserve currency issuer requires.

For those interested, the content of our Monthly Letters can be found at www.mirabaud.com.br/pt/insights.

In fact, six months after the market shock and four months since the infamous Liberation Day, the S&P 500 recovered its previous price levels, even reaching a new all-time high on 27 June at 6,173 points, remaining above this level since then (at the time of this Letter is written).

By the same token, the DXY, which measures the value of the dollar against other reserve currencies, got back to levels close to 99 points, equivalent to a rate of 1.17 dollars per euro. Yes, a level that indicates a stronger euro, but still far from representing a collapse in the purchasing power of the dollar.

Moreover, interest rates on 10-year US Treasury Bonds, which traded below 4.0% p.a. in early April, signaling a potential weakening of the US economy due to TW2, have already returned to above 4.20%, reflecting recent data showing a very healthy economy.

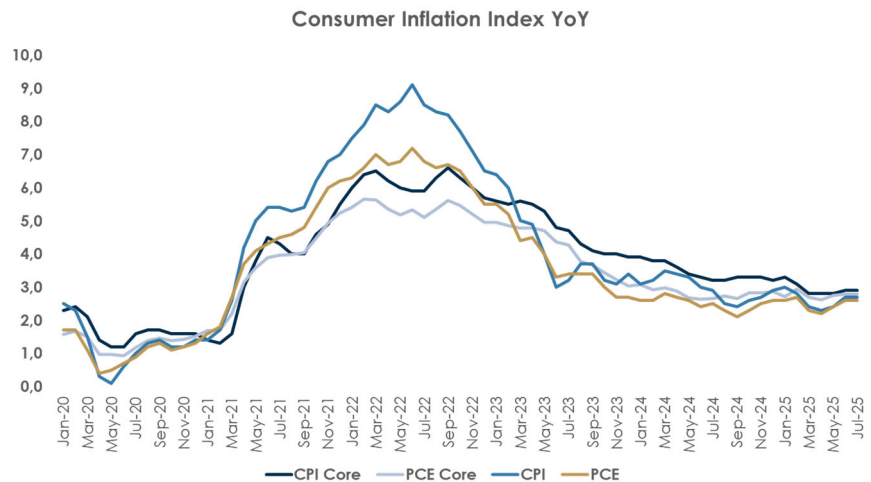
« ECONOMIC DATA AND MARKET BEHAVIOUR HAVE SHOWN THAT TW2, SO FAR, HAS GENERATED MORE HEAT THAN LIGHT, MORE NOISE THAN SIGNAL, AND MORE MARKET VOLATILITY THAN ACTUAL MACROECONOMIC CHANGE. »

In fact, macroeconomic data released in the last week of July showed that the US economy grew 3.0% in annualised GDP terms in the second quarter of 2025, thus reversing the negative data from the first quarter of this year.

From a multi-year perspective, US economic growth remains robust, sustaining a tight labour market, but with no signs yet of operating below the level of unemployment that accelerates inflation (NAIRU).

On the inflation front, another major concern for economic agents after the outbreak of TW2, indices remained fairly stable, both in broad measures and in core measures, which exclude the most volatile items in the basket, namely energy and food.

The chart below shows the two main consumer inflation indices in the United States, CPI (Consumer Price Index) and PCE (Personal Consumption Expenditures) and their core measures, in the cumulative reading over 12 months since 2020, the year of the pandemic.



As can be easily verified, even though they remain above the FED's official inflation target of 2%, there has been no increase that reflects the panic observed in the news in general and the fatalistic predictions at the beginning of this year.

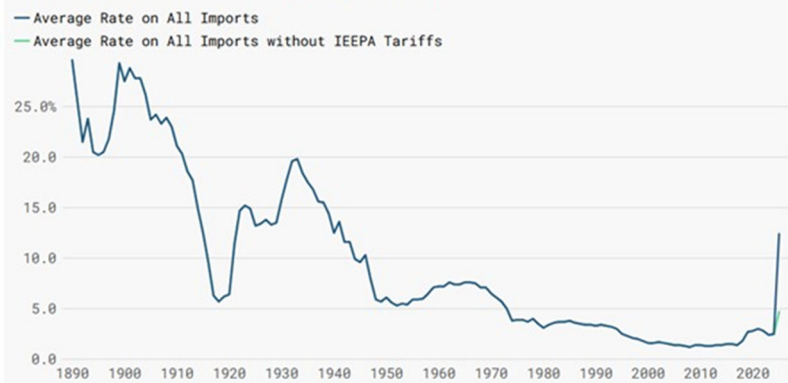
It is also important to remember that many tariffs have been postponed, and others have been implemented at levels well

below those announced, so that their impact may not yet have been fully captured by the indicators – and may not even occur.

The chart below, prepared by the Geneva-based economic team at Mirabaud Bank, shows, from historical perspective, the effective increase in US import tariffs that have been made official to date.

Trump's Average Tariff Rate Would Be Highest in Decades

Average Tariff Rate on All Imports, Historical Rates from 1890-2023, Projected Rate for 2024, Estimated Rate for 2025 Under Trump's Imposed Tariffs



Note: Includes IEEPA tariffs on Canada, Mexico, and China (with USMCA exemptions); IEEPA "reciprocal" tariffs; and steel aluminum, auto, and auto parts tariffs. Tariff revenue estimate uses an elasticity of -0.997 and a noncompliance rate of 8 percent.

Source: US Census Bureau, *Historical Statistics of the United States: Colonial Times to 1970, Part II*; US International Trade Commission, "U.S. imports for consumption, duties collected, and ratio of duties to values, 1891-2023, (Table 1)"; Tax Foundation calculations.

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TAX FOUNDATION

Much ado about nothing

The truth is that much of the noise we have all been exposed to so far is the result of Trump's negotiation 'techniques,' based on very peculiar heuristics, which attempt to use the disorientation caused in the interlocutor as an element of persuasion. The

advantage of this method over conventional diplomacy is highly dubious, but its use was quite predictable.

Economic data and market behaviour have shown that TW2, so far, has generated more heat than light, more noise than signal, and more market volatility than actual macroeconomic change.

For investors who want to be successful, we recommend staying away from the noise of social media and the charm of clickbait, paying attention to

good old economic theory and, fundamentally, being wary of analyses that tell your brain what your heart wants to hear. Conclusions based on emotion rarely result in good decisions.

In the age of social media, let us not be another blind follower of yet another madman.

PERFORMANCE OF THE MAIN FINANCIAL INDICES:

Renda Fixa		31/07/25	MTD	3M	YTD	
CDI	-	92,64	1,28%	3,50%	7,77%	
IMA-B	-	10.432,33	(0,79%)	2,19%	7,93%	
IMA-B 5	-	10.134,77	0,29%	1,37%	6,35%	
IMA-B 5+	-	11.564,80	(1,52%)	2,75%	9,06%	
IRF-M	-	20.304,61	0,29%	3,13%	11,10%	
IMA-S	-	7.663,45	1,30%	3,56%	7,93%	
Índices Globais		País	31/07/25	MTD	3M	YTD
Ibovespa	BRL	133.071,05	(4,17%)	(1,53%)	10,63%	
Dow Jones	USD	44.130,98	0,08%	6,81%	3,73%	
S&P 500	USD	6.339,39	2,17%	11,48%	7,78%	
NASDAQ	USD	23.218,12	2,38%	15,50%	10,50%	
Euro Stoxx 50	EUR	5.319,92	0,31%	0,66%	8,66%	
FTSE 100	GBP	9.132,81	4,24%	6,24%	11,74%	
MSCI Emerging	EM	48,56	0,66%	8,96%	17,24%	
MSCI World	World	4.076,04	1,23%	9,44%	9,93%	
Moedas		País	31/07/25	MTD	3M	YTD
Dólar/Real	USD	5,60	(3,10%)	1,01%	9,34%	
Euro	EUR	1,14	(3,16%)	1,04%	10,25%	
Franco Suíço	CHF	0,81	(2,36%)	1,81%	11,70%	
Libra Esterlina	GBP	1,32	(3,82%)	(0,49%)	5,52%	
Bitcoin	BTC	116.491,12	8,26%	20,02%	24,30%	
Hedge Funds		País	31/07/25	MTD	3M	YTD
Ind. de Hedge Funds	BRL	5.702,46	(0,90%)	2,45%	7,41%	



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