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MONTHLY NEWSLETTER
MIRABAUD WEALTH MANAGEMENT

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INTERNATIONAL

SPEECH IS SILVER, SILENCE IS GOLDEN

The current state of the world leads to many discussions in every possible social space: between colleagues, friends, and family. These discussions continue to resonate when we look at our cell phones; we are now used to receiving instantaneous notifications from news channel that lead to other discussions between the same colleagues, friends, and family. Even whilst waiting for the bus, metro or cab, we start scrolling the news feed of our social media accounts and we see more opinions and learn more information that will be then used to discuss the same topics with the same colleagues, friends and family… and the vicious circle continues.

In previous newsletters, we had already praised the merits of investors that manage to ignore the noise and focus on economic fundamentals; these are the real drivers of the market returns over the medium to long run. This is our philosophy and, as professional investors, we shall continue in this way.

Given the extreme noise since the beginning of the year, it is important to recap some of the biggest "noises" heard this month with geopolitics dominating the headlines.

Most people had not even given up on their New Year's resolutions when Nicolás Maduro was already deported to New York by US forces on January 3rd. My “Dry January” resolution ended on January 20th, but hope you managed to do better than myself this year.

The conflict between Iran and US was exacerbated as speculation mounted about a potential US strike on Iran, after protests were being violently repressed… in Iran. Finally, the US government made it clear that it “needs Greenland for the purpose of national security” which shocked European allies; the situation seems now to be under control as the US decided to withdraw the threat of additional tariffs if it did not get its wish.

If I were to list the additional “noises”, this month’s newsletter would go down as the longest ever so we will refrain from expanding om the innumerous geopolitical, political, legal and social events that grabbed the headlines in January. What about asset prices then?

Guess what… most of them rose. The S&P 500 increased by 1.44% and even surpassed the 7’000-mark intra-day though never managing to close above the mark. Most equity and bond indices exhibited a positive performance, but there is one asset class that clearly stole the show: precious metals became even more precious.

Gold’s value increased by 13.3% after three consecutive years of double-digit increases. Meanwhile, silver rose by 18.9% in January and is now up an incredible 172% in the last 12 months. What is even more impressive is that these performances include the last trading day of the month when precious metals plummeted. Gold hit a record high of $5’595/oz on January 29th and then lost 12.50% to close the month at $4’896/oz. On the same day, Silver hit a record high of $121 before plummeting 30% to close the month at $85/oz. I repeat: despite these losses, gold and silver increased by 13.3% and 18.9% in January.

If equities tell us what investors expect, and bonds tell us what they fear, gold tells us what they ultimately trust.

« IF EQUITIES TELL US WHAT INVESTORS EXPECT, AND BONDS TELL US WHAT THEY FEAR, GOLD TELLS US WHAT THEY ULTIMATELY TRUST. »

Performance of the main financial indices since 2021:

	Jan.	Jan.$	2025	2025 $	2024	2024 $	2023	2023 $	2022	2022 $	2021	2021 $
S&P 500	1.44		17.9		25.0		26.3		-18.1		28.7	28.7
Stoxx 50	2.79	3.98	22.1	38.5	11.9	4.7	23.2	27.3	-8.5	-14.0	24.1	24.1
MSCI EM	8.86		34.3		8.0		10.1		-19.9		-2.3	-2.3
SMI	-0.60	1.89	18.0	35.0	7.5	-0.3	7.1	17.6	-14.3	-15.0	23.7	19.5
Euro - USD	0.89		13.4		-6.2		3.1		-5.8		-6.9	
US Dollar Index	-1.35		-9.4		7.1		-2.1		8.2		6.4	
Gold Spot - USD	13.31		64.6		27.2		13.1		-0.3		-3.6	
CHF - USD	2.54		14.5		-7.3		9.9		-1.3		-3.0	
Bitcoin	-10.78		-6.47		120.46		157.01		-64.30		59.79	
Global Agg.	0.94		8.2		-1.7		5.7		-16.2		-4.7	
US Agg.	0.11		7.3		1.3		5.5		-13.0		-1.5	
US Treasury	-0.09		6.3		0.6		4.1		-12.5		-2.3	
US T Bills	0.29		4.3		5.3		5.1		1.3		0.0	
Global HY	0.99		12.1		9.2		14.0		-12.7		1.0	
Euro Agg.	0.73	1.64	1.2		2.6	-2.7	7.2	11.0	-17.2	-22.0	-2.9	-9.6

Amid the deafening noise caused by geopolitics, it is very important to remain calm and stick to the long-term plan. Of course, this noise does affect markets as it amplifies the effects of the volatility we are witnessing on precious metals. Yet, on the medium to long run, fundamentals are the main drivers of returns, and they currently look quite solid: companies' sales growth is expected to grow by an average of 6.6% in the MSCI All-Country World Index and net margins are expected to increase which leads earnings growth to be expected to reach 15.4% in 2026.

This strong growth is the result of AI efficiencies, but it is also due to the triple easing we currently expect: monetary, fiscal and regulatory.

The first easing is about interest rates; we expect short-term interest rates to be cut by the Fed this year and this is supportive for risky assets. On the fiscal side, the One Big Beautiful Bill signed in 2025 will reduce taxes for corporations, which implies more profitability for shareholders. Finally, on the regulatory side, the current Republican administration aims to deregulate many sectors of the US economy which should reduce friction costs and increase the flexibility and profitability of companies.

The main scenario is therefore positive, but some clouds could contradict our outlook. For this reason, we started to increase diversification in clients' portfolios in the past few months.

The main asset we want to diversify away from is the US dollar and it seems we are not alone in selling the greenback given its trajectory since Liberation Day in April. Fed independence is at the heart of the dollar diversification trade. Lisa Cook, Fed member, was fired by President Trump and we are yet waiting for the Supreme Court to decide whether the US President is legally entitled to do so. Federal prosecutors opened a criminal investigation into Jerome Powell, Fed Chair, related to the renovation of the Fed's headquarters; the defendant publicly stated that the investigation is politically motivated to influence the Fed to cut short-term interest rates.

Another reason for the dollar diversification trade is related to previously mentioned US fiscal policy. This could allow inflation to regain traction, helped by the transmission of tariff costs from companies to consumers, and push longer-term yields higher. This scenario would be a real test for the Fed Independence as the it would be difficult to reduce interest rates in these conditions; cutting rates despite a resurgence in inflation would push longer-term rates even higher. Even if this scenario is a possibility, this is not our main scenario, but it seems wise for us to take precautions by diversifying away from the dollar.

As a reminder, our main scenario continues to be the "goldilocks" scenario where the US economy grows, inflation remains under control and the three easings help to push markets higher. Although never in a straight line.

Clear beneficiaries of the dollar depreciation are real assets such as gold, silver and other industrial metals. Rising conflicts in the world also contributed to the incredible rally we saw on metals. Yet, when an asset doubles in 12 months, which is the case for gold, it is normal and healthy to see a strong profit taking such as the one triggered on January 30th. While silver has been acting like Gold on steroids. Price movements should be smaller going forward especially once we get more clarity on the US-Iran situation, a new FED chair, Japanese elections and a calmer US administration heading into the mid-term elections.

Another beneficiary of the dollar diversification trade (some call it dollar debasement trade, but I find this term too strong for now) are non-US equities. For example, European equities outperformed US equities in 2025 for the first time since 2012 (in positive years) and continue to outperform in early 2026. This outperformance happened without even including the dollar depreciation as the latter increased the return of European equities by more than 15% for a dollar-based investor. Emerging markets also outperformed last year after 3 years of contracting valuations and are now up 8.9% year-to-date and we expect them to continue to gain traction in the near future.

For the remainder of this year which has started very well for risky assets, we remain confident and recommend investors to focus on macroeconomic fundamentals. The loud noise we currently hear must be ignored as long as it does not affect the fundamentals one analyses on a continued basis. We recommend however to diversify portfolios for reducing risks that are not worth taking and for non-USD investors, it is important to partially hedge the USD exposure whilst remaining invested in the US stock market.

In current times, it seems that investors value reasoned speech and silence by purchasing silver and gold rather than holding the noisy US dollar.

Eric Hatisuka
CIO Mirabaud Brazil

BRAZIL

THE REPORTS OF MY DEATH HAVE BEEN GREATLY EXAGGERATED

Mark Twain

In 1897, long before the advent of social media and the phenomenon of influencers competing for "clickbait" with sensationalist newspapers, American writer Mark Twain, when confronted by a journalist with conflicting rumours about his death, coined the famous joke above, borrowed here for the title of this text.

This January, the world was confronted with a much more prominent death: the death of the dollar as a reserve currency. But what can historical analysis show us about the possible future?

The US dollar as a global reserve currency is a relatively recent development, dating back to the post-war period and the Bretton Woods Agreement.

After the Second World War, with much of the known world in ruins, an arrangement was devised by the Allies to provide a monetary benchmark for use in rebuilding economies.

The basis of this monetary arrangement was the Bretton Woods Agreement, signed in the city of the same name between 1944 and 1945, which established the dollar as the transactional and reserve currency for the international financial system, at a fixed parity of US$ 35 per troy ounce of gold.

The fixed parity with gold would ensure that the country issuing the dollar, the United States, would not use its "seigniorage power" (the power to issue currency at no cost or real backing) to deceive its trading partners, inflating the value of its currency and, as a result, extracting wealth from its trading partners in its favour.

With the fixed parity of the dollar to gold, the world experienced a period of great prosperity, economic growth and financial stability, in contrast to the period preceding the war, marked by mistrust and turmoil due to the recurrent use of competitive devaluations by developed nations seeking to regain economic competitiveness at the expense of currency devaluations against the currencies of their trading partners.

However, with the increase in global growth and trade (and the US current account deficit) during the 1960s, the United States found itself in a dilemma: either issue dollars without the corresponding gold backing to ensure the continued growth of global trade (and its domestic economy), or restrict the issuance and use of the dollar, ultimately causing global trade to fall due to the simple lack of available means of payment.

Without dollars in circulation, trade would collapse. However, without gold as backing, it would be the price of the dollar that would collapse, which in fact occurred in 1971 after the United States broke the US$ 35 exchange rate with gold.

The truth is that the use of gold as a monetary standard is quite recurrent throughout history: whenever the ruler in power abuses his right of seigniorage, generating inflation and economic chaos as a consequence, the compromise solution involves fixing the currency's value in relation to the price of a precious metal, usually gold, but also, under certain circumstances, silver.

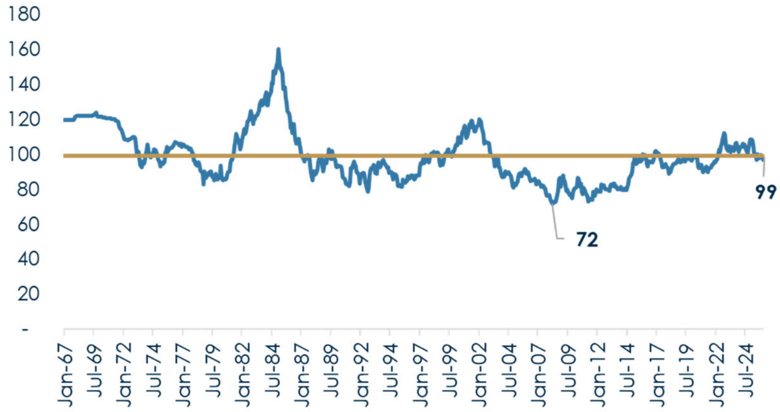
On the other hand, whenever an economy enjoys stability and prosperity, its own economic growth naturally increases the need for money in circulation, as a result of increased exchanges between economic agents.

In this case, backing the currency with a scarce metal with a finite supply creates a rigid monetary constraint, which in practice acts as an interest rate increase (since the monetary base does not expand in line with the economy) and consequently causes an economic slowdown. A totally avoidable and unnecessary economic slowdown, it should be said.

In the post-Bretton Woods world, the need for economic growth to accommodate the post-war population increase created an obvious preference for the use of fiat currencies, i.e., currencies whose value is not based on a real asset, such as gold, but rather on the commitment of central banks to maintain the long-term stability of the purchasing power of currencies.

As we can see in the chart below, the value of the dollar has fluctuated freely against the other currencies in the DXY basket (currently composed of the euro, pound sterling, swiss franc, yen and canadian dollar) since 1971, after the breakdown of the Bretton Woods agreement, but without major trauma, except perhaps for the period between 1981 and 1986, marked by Paul Volcker's ultra-restrictive monetary policy at the helm of the Federal Reserve.

DXY – Reserve Currency Basket Index vs. USD



Source: Bloomberg

It is also possible to see in the graph that the recent depreciation of the dollar, resulting from the untimely actions of US President Donald Trump, is barely noticeable from a historical perspective, and even considering all the media drama reporting the end of the dollar's hegemony, its value has barely fallen below the historical average of the DXY basket, showing that, once again, reports of its death may have been exaggerated, at least based on the evidence currently available.

« IN OTHER WORDS, IT IS NOT THE PRICE OF GOLD THAT IS RISING, BUT THE PRICE OF FIAT CURRENCIES THAT IS FALLING! »

The case against fiat currencies

The slight decline of the dollar against the currencies in the DXY basket shows that there is not necessarily a problem with the dollar as a reserve currency, but the same cannot be said when talking about the value of reserve currencies in relation to gold.

The chart below, showing the price of gold in dollar terms, shows that since the breakdown of the Bretton Woods agreement, the metal has followed price cycles that alternate between mild highs, strong highs and accommodation.

Source: Bloomberg

In fact, there are no historical cycles of permanent decline in the price of gold referenced in dollars, and, as we can infer from the stable relationship between the dollar and other reserve currencies in the previous chart (DXY), there are also no cycles of permanent decline in the price of gold referenced in any other fiat currencies.

The truth is that the excessive activism of all central banks worldwide, without exception, with unorthodox measures ranging from "Quantitative Easing" (using the central bank's balance sheet to increase the money supply in circulation) to negative interest rates (!) and "Yield Curve Control" (active intervention by the central bank in the securities market to maintain sovereign debt forward interest rates at predetermined levels), has culminated in an environment where it is impossible to determine the true purchasing power of fiat currencies.

In other words, it is not the price of gold that is rising, but the price of fiat currencies that is falling!

On the other hand, throughout history, the ultimate effect of heterodox economic policies has always been increased inflation, something that has not been seen recently, albeit for reasons that are not fully understood.

Recent behaviour indicates that the price of gold may have entered speculative territory, but as long as there is no increase in inflation and the general cost of living for households, and central banks continue to feel comfortable implementing whatever measures they deem necessary to stimulate economic growth, there will be a rational incentive for real assets to continue to appreciate.

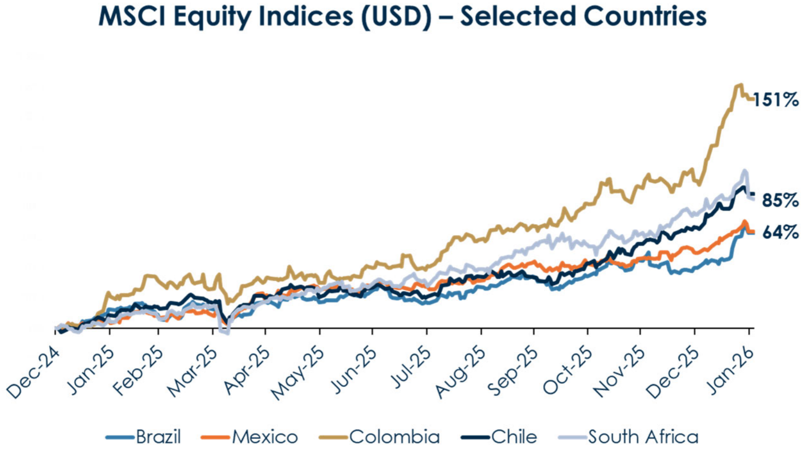
Brazil, the stock market and the facts

Brazil, as expected, has also been greatly affected by the external flow resulting from the reduced attractiveness of the dollar.

In fact, with the price of the dollar falling below parity with the Brazilian real at R$ 5.30 and the Ibovespa index close to the 200,000-point mark, an unsuspecting observer might believe that the country has solved its problems of excessive fiscal deficit, excessive public debt and excessive tax burden, which would put it on a new path of sustained growth, not induced by public spending.

However, what do the facts tell us?

The following chart shows the MSCI stock indices (a family of global stock market indices based on the same composition criteria) calculated in dollars for several emerging countries with which Brazil can be compared.



Source: Bloomberg

The fact is that what appears to be a case specific to Brazil is actually a case of indiscriminate global flow and, objectively speaking, Brazil is not even among the biggest beneficiaries, quite the contrary.

Evidence indicates that the market continues to differentiate between countries, but as the rising tide of global liquidity benefits all boats, there is no way it could not reach Brazil.

In this scenario of global liquidity, local investors are bombarded with every conceivable argument to conclude that the Ibovespa's rise is based on fundamental factors and is therefore extremely sustainable in the long term.

However, the indication we have from the markets is that there is only a price correction and the eventual reflux of global liquidity, which always happens from time to time, may catch many unwary investors off guard, as they attribute the upward cycle to reasons that, in practice, have not yet been corroborated by the reality of the economic reforms that Brazil needs.

PERFORMANCE OF THE MAIN FINANCIAL INDICES:

Renda Fixa		30/01/26	MTD	3M	YTD
CDI	-	99,41	1,16%	3,48%	1,16%
IMA-B	-	11.047,40	1,00%	3,38%	1,00%
IMA-B 5	-	10.768,29	1,20%	3,26%	1,20%
IMA-B 5+	-	12.210,58	0,84%	3,46%	0,84%
IRF-M	-	22.029,96	1,96%	3,98%	1,96%
IMA-S	-	8.229,81	1,18%	3,51%	1,18%
Índices Globais	**País**	**30/01/26**	**MTD**	**3M**	**YTD**
Ibovespa	BRL	181.363,90	12,56%	21,28%	12,56%
Dow Jones	USD	48.892,47	1,73%	2,80%	1,73%
S&P 500	USD	6.939,03	1,37%	1,44%	1,37%
NASDAQ	USD	25.552,39	1,20%	(1,18%)	1,20%
Euro Stoxx 50	EUR	5.947,81	2,70%	5,05%	2,70%
FTSE 100	GBP	10.223,54	2,94%	5,21%	2,94%
MSCI Emerging	EM	59,10	8,02%	8,40%	8,02%
MSCI World	World	4.527,59	2,19%	3,12%	2,19%
Moedas	**País**	**30/01/26**	**MTD**	**3M**	**YTD**
Real/Dólar	USD	5,26	3,86%	2,11%	3,86%
Euro	EUR	1,19	0,89%	2,72%	0,89%
Franco Suíço	CHF	0,77	2,54%	4,08%	2,54%
Libra Esterlina	GBP	1,37	1,57%	4,06%	1,57%
Bitcoin	BTC	84.162,39	(3,98%)	(23,09%)	(3,98%)
Hedge Funds	**País**	**30/01/26**	**MTD**	**3M**	**YTD**
Ind. de Hedge Funds	BRL	6.259,39	2,23%	4,20%	2,23%

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Autorregulação ANBIMA Gestão de Patrimônio