
CIO Allocation

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Reducing Equity Directionality

NPB's Investment Committee reduces directional (beta) equity exposure to Neutral and increases exposure to the Alternative Investments asset class.

In our full-year 2025 outlook in early January aptly called "Wild Waters" we had foreshadowed that a more proactive approach to asset allocation may be needed going forward, not least due to the incoming US administration. Needless to say, that even our most volatile expectations were exceeded in the first fifty plus days of US President Trump's second term.

In what then is already our third 'ad-hoc' intra-investment committee meeting decision and given the changing rhetoric of the Trump administration and its apparent focus on the bond rather than the stock market, coupled with a weakening picture for the US stock market we reverse our decision to overweight equities of last November, and bring our exposure back to Neutral. The overweight over the past three months has been quite precisely a 'flat' trade as measured by a global equity index.

More precisely have we reduced our exposure to US equities (S&P 500 tracker) by 10% and reallocated 5% to Global Value stocks and 5% into alternative investments, with a focus on global equity long/short in this latter asset class.

The NPB investment committee will convene for its scheduled quarterly meeting next week – make sure not to miss the update thereafter.

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