

December 2025

QCAM MONTHLY

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QCAM Insight

2026 Sneak Preview

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We retain our bearish USD bias going into 2026. Growth and monetary policy asymmetries plus the persistent US twin deficit are the main drivers of our bearish USD view. However, the potential for US economic and inflation resilience should not be underestimated and could at least constrain USD weakness. AI as well as policy credibility and political stability risks are wild cards that have the potential to move FX outcomes in many directions.

In our 2025 sneak preview (FX Monthly December 2024), we argued that the USD starts 2025 in the pole position. Three factors supported the USD in our view: 1) Solid US economic performance versus structural problems in most other leading economies; 2) Favorable interest rate differentials and the Fed set to ease less than other major central banks; 3) Unilateral tariff hikes expected to benefit the currency of the initiating country. However, we also warned that Trump's policy agenda could backfire and undermine the USD. A particular concern to us was government debt sustainability and Fed independence.

Our Macro positions were mostly long USD at the start of the year with the notable exception of a long JPY position. The USD reached a high in January but that proved short lived. Increased uncertainty over the direction of US policy prompted us to square our long USD Macro positions in early February but keep the long JPY position. We maintained these Macro positions through the end of June due to the overall high uncertainty in FX markets. In July, we added short USD positions versus the EUR, the CHF and the SEK, which we believed would benefit from a structural portfolio

repositioning and increased hedging activity. Since then, the USD managed to stabilize, with the USD DXY moving in a range between 96 and 100, while regaining most lost ground versus the JPY (USDJPY returned to near the highs seen at the end of last year).

Given the two phases of USD movements, the performance of our Macro positions was only slightly positive. In the first half, most positions were neutral except for the long JPY position while the USD depreciated. In the second half, the performance of the long EUR, CHF and SEK positions was on balance neutral, while the long JPY position lost most of the gains of the first half. Our Business Sentiment positions captured the USD selloff in the first half better, but lost some of the gains in the second half due to the JPY weakness. Our Technical positions delivered modest gains in both halves of the year.

Key themes for 2026

Moving into 2026, we see five themes impacting FX markets:

1. A cyclical improvement in global growth conditions foreshadowed by the recent rise in business sentiment indicators, with Europe accelerating thanks to German fiscal stimulus.
2. AI is a wild card which could go both boom and bust and impact the US most directly.
3. Diverging monetary policy paths with the Fed easing the most, the ECB and most other central banks staying on hold and the BoJ raising interest rates further.
4. More focus on the divergence in fiscal and external balances between deficit economies (e.g. the

US) and surplus economies (e.g. Switzerland).

5. Ongoing policy credibility and political stability risks with concerns in the US shifting from tariffs to Fed independence and debt sustainability, while risks of further political fragmentation and fiscal tensions in Europe remain elevated.

The base case remains USD bearish

In our view, the balance of the five themes remains bearish for the USD outlook. The main drivers in our view are the growth and monetary policy asymmetries: the cyclical improvement in global growth conditions that is not led by the US and Fed easing against mostly stable monetary conditions elsewhere. The US twin deficit will add downside pressure for the USD. Structurally, the downside potential for the USD will depend much on how quickly the USD will lose its attraction as a higher-yielding carry currency and how soon foreign investors and corporates will increase the hedges of their USD positions. Additional catalysts for USD downside could be AI disappointments and concerns over Fed independence and debt sustainability that trigger a broader selloff in US asset markets. On the flip side, US growth and inflation resilience, possibly supported by further AI progress and strong US asset performance could support the USD, especially if that leads to repricing in Fed rate cut expectations. Importantly, the USD outlook depends not just on developments in the US.

EUR: The EUR is well positioned in a USD bearish scenario if its economy accelerates as expected and the ECB stays on hold. In particular the narrowing of interest-rate differentials should lead to more hedging activity. However, the EUR remains also vulnerable thanks to unstable political and fiscal conditions in several member countries.

JPY: The JPY has so far failed to make a convincing gain versus the USD. In our view, fundamentals and technicals are supportive for a stronger JPY (economic and inflation resilience argues for monetary policy normalization, current account surplus, massive JPY undervaluation and the recent drop of JPY overbought speculative positions to neutral). Headwinds come from the revival of Abe-style economic policies and the new Takaichi government and the question is

whether the BoJ will be sufficiently independent to maintain the normalization path.

GBP: The GBP has been an underperformer in 2025 despite signs of economic resilience and little monetary easing. The government's struggle to consolidate the budget has been a key headwind. The government's latest fiscal plan has been well received but we doubt it will be sufficient to remove the fiscal concerns permanently. In addition, the fallout from BREXIT remains in our view negative for the UK economy and, thus, for the GBP. As a high-beta currency with few idiosyncratic drivers, the GBP's prospects will largely depend on overall risk sentiment.

CHF: The CHF remains in a fundamentally strong position. The economy is holding up well, inflation is inside the target range, the twin surplus is solid and the CHF's safe-haven status is uncontested. The main headwinds are the CHF's attraction as a carry funder and high hedging costs versus the USD. We believe the SNB will stay on hold, thus, much depends on Fed policy actions.

SEK: The SEK benefits from improving global growth conditions and its economic outperformance versus regional peers. Housing-related pressures have faded with the decline in interest rates. The SEK further benefits from the rising focus on fiscal positions and its large current account surplus. Low interest rates create some headwind but the SEK is unlikely to become a carry funder.

CAD: The CAD has been an underperformer in 2025. The new government has restored confidence in Canada's policy making but trade tensions with the US remain elevated and there is no support from oil prices. The BoC has cut interest rates much ahead of the Fed, which has helped alleviate pressure in the housing sector, but makes the CAD vulnerable to carry headwinds.

AUD: The AUD is set to benefit from firm growth and inflation, which leave the RBA little/no room to cut interest rates. The result is probably more carry inflows as well as hedging activity of USD assets. Improving global growth conditions are also positive for commodity demand, but a key risk is China's struggle to revive domestic demand.

Economy & Interest Rates

Global growth conditions continued to improve gradually with most country forecasts pointing to slightly better growth prospects in 2026, notably in Europe. Business sentiment improved for the last three months while consumer confidence remained depressed. Actual and expected inflation readings were mostly stable and on target but remain elevated in the US, the UK and Japan. We expect inflation in the US to stay resilient as the impact of

increased tariffs continues to materialize. Monetary easing has run its course in most countries, notably in the Euro area, and we expect only residual rate cuts this year and next. The Fed, on the other hand, remains in easing mode and we expect the funds rate to fall to 3% in 2026 if labor market conditions stay soft. The BoJ is expected to resume tightening despite the political leadership change in Japan in an effort to restore price stability.

	Real GDP growth ¹		Unemployment rate ¹		Inflation rate ¹		Current account ²		Fiscal balance ²		Public debt ²	
	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
Global	2.5	2.6	n.a.	n.a.	2.7	2.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Developed	1.6	1.7	n.a.	n.a.	2.6	2.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
USA	2.0	2.0	4.2	4.4	2.9	2.8	-4.0	-3.7	-7.4	-7.5	125	128
Canada	1.5	1.5	6.8	6.6	2.0	2.0	-0.2	-0.3	-2.2	-2.4	114	113
Euro-area	1.3	1.5	6.4	6.3	2.1	1.9	2.5	2.3	-3.2	-3.4	88	89
Sweden	1.5	1.7	8.5	8.2	0.9	1.0	6.0	6.0	-1.5	-2.0	34	34
Switzerland	1.0	1.2	2.5	2.5	0.2	0.5	5.0	5.0	0.3	0.0	37	36
UK	1.4	1.0	4.8	5.0	3.3	3.0	-3.5	-3.0	-4.5	-3.5	103	105
Japan	1.3	1.0	2.6	2.6	3.3	2.5	4.0	3.5	-7.0	-7.0	230	227
Australia	1.7	2.5	4.2	4.2	2.8	3.0	-2.0	-2.0	0.5	0.0	51	50
Emerging	3.8	3.8	n.a.	n.a.	2.8	2.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
China	4.9	4.5	5.2	5.2	0.0	0.5	3.0	2.5	8.5	8.5	96	100
India	7.0	7.0	n.a.	n.a.	2.2	4.0	-1.0	-1.5	-7.0	-7.0	80	80
Russia	0.5	1.0	2.4	2.7	9.0	7.0	2.0	2.0	-2.5	-2.0	21	22
Brazil	2.2	2.0	6.0	6.0	5.0	4.0	-2.5	-2.5	-9.0	-9.0	91	94

Source: OECD, IMF World Economic Outlook and QCAM estimates ¹ In percent annual average ² In percent of GDP

OECD business and consumer confidence*



Source: OECD and QCAM *The last observations are QCAM estimates based on other surveys

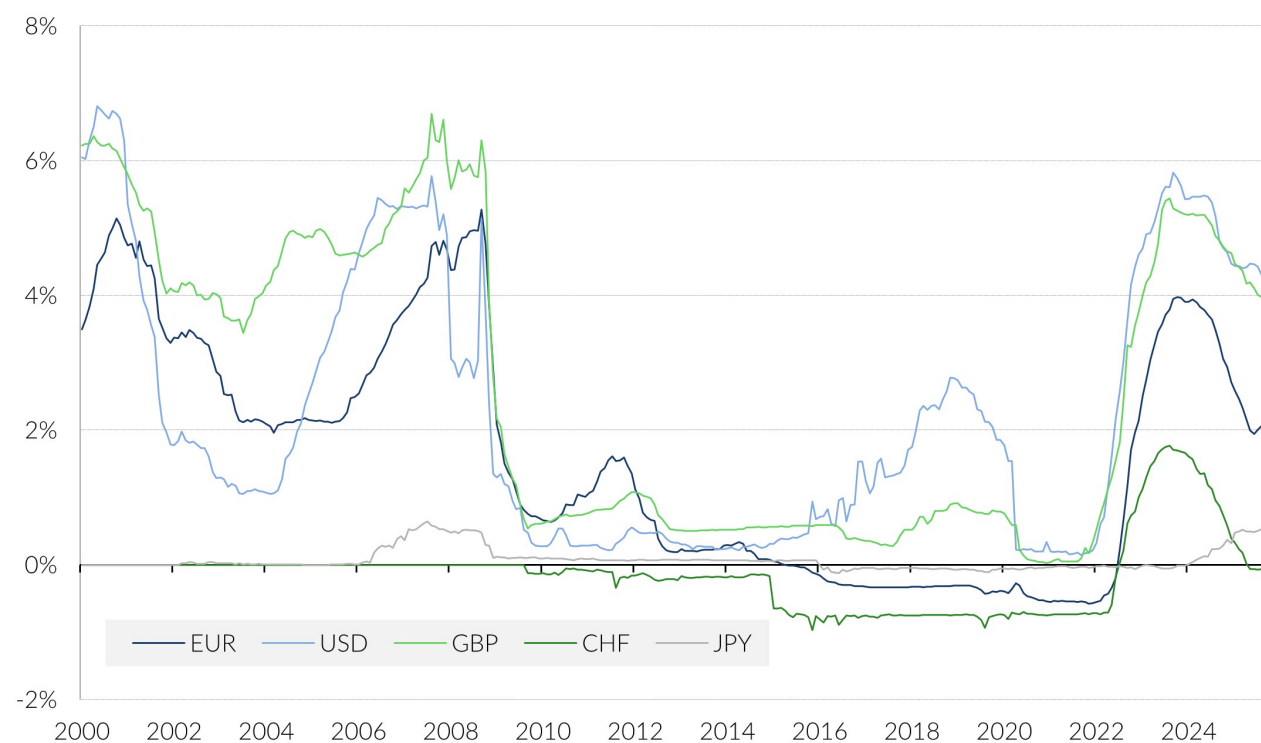
Interest Rates

Interest Rate Level Overview

	Short Term Interest Rate (3month OIS)					Long Term Interest Rate (10year Swap)				
	Current	1M ago	3M ago	12M ago	Ø 3 years	Current	1M ago	3M ago	12M ago	Ø 3 years
USD	3.66%	3.79%	4.11%	4.44%	4.81%	3.96%	3.95%	4.01%	4.03%	3.10%
EUR	2.04%	2.04%	2.08%	2.92%	3.06%	2.73%	2.59%	2.68%	2.09%	2.72%
JPY	0.65%	0.56%	0.52%	0.38%	0.20%	1.69%	1.50%	1.45%	1.05%	0.99%
GBP	3.78%	3.87%	3.97%	4.65%	4.65%	3.97%	3.92%	4.25%	3.78%	3.93%
CHF	-0.06%	-0.06%	-0.06%	0.57%	0.95%	0.49%	0.41%	0.52%	0.27%	1.08%
AUD	3.61%	3.58%	3.51%	4.34%	4.01%	4.49%	4.17%	4.10%	4.19%	4.20%
CAD	2.24%	2.26%	2.62%	3.37%	4.00%	3.31%	3.18%	3.46%	3.22%	3.56%
SEK	1.78%	1.74%	1.91%	2.49%	3.05%	2.93%	2.69%	2.70%	2.13%	2.75%
RUB	16.50%	15.00%	16.40%	22.30%	14.63%	9.62%	11.12%	9.62%	11.12%	9.61%
BRL	13.23%	13.50%	13.54%	10.09%	11.49%	12.80%	13.22%	13.50%	13.77%	12.45%
CNY	1.59%	1.59%	1.52%	1.69%	1.91%	1.69%	1.65%	1.72%	1.65%	2.11%
TRY	39.15%	40.40%	41.35%	49.75%	38.90%	29.00%	29.60%	28.20%	27.62%	26.15%
INR	5.41%	5.48%	5.52%	6.47%	6.41%	6.04%	5.89%	6.03%	6.05%	6.26%

Source: QCAM Currency Asset Management, as of December 3rd, 2025

3-month Rates



Source: QCAM Currency Asset Management, as of end of November 2025

FX Markets

FX Performance vs. PPP

The USD DXY inched 0.5 lower in November with all major currencies gaining some ground versus the USD except for the JPY. EM FX performance was mixed with BRL and CNH gaining and INR and TRY losing. Speculative oversold USD positions declined to neutral mostly on falling long positions in the JPY. USD short-term interest rates moved lower while interest rates for all other major currencies stayed stable. The cost of forward hedging versus

the USD declined somewhat but remains elevated with USDCHF and GBPCHF hedging still most expensive. Actual and implied FX volatilities declined or remained stable except for the JPY and are well below their historical averages. PPP estimates continue to grind against the USD as US inflation remains more resilient. USD overvaluation persisted across the board with the JPY still most undervalued (48%).

Overview

	Current Exchange Rate	Performance ¹				Purchasing Power Parity ²		
		YTD	1M	12M	5 years	PPP	Neutral Range	Deviation ³
EURUSD	1.161	12.16%	0.72%	10.67%	-4.02%	1.23	1.10 - 1.36	-6%
USDJPY	155.950	-0.90%	1.20%	4.24%	49.22%	105.03	93.09 - 116.96	48%
GBPUSD	1.319	5.39%	0.47%	4.35%	-1.18%	1.53	1.36 - 1.69	-14%
EURCHF	0.933	-0.67%	0.71%	0.32%	-13.89%	0.89	0.84 - 0.94	5%
USDCHF	0.804	-11.43%	-0.01%	-9.36%	-10.29%	0.77	0.69 - 0.86	4%
GBPCHF	1.061	-6.65%	0.46%	-5.42%	-11.35%	0.98	0.89 - 1.07	8%
CHFJPY	193.957	11.87%	1.20%	15.01%	66.32%	96.11	85.19 - 107.02	102%
AUDUSD	0.656	5.98%	0.26%	1.45%	-11.38%	0.76	0.67 - 0.85	-14%
USDCAD	1.399	-2.81%	-0.24%	-0.50%	8.14%	1.23	1.14 - 1.31	14%
USDSEK	9.445	-14.70%	-0.59%	-14.19%	11.34%	8.56	7.59 - 9.53	10%
EURSEK	10.963	-4.33%	0.12%	-5.03%	6.86%	8.97	8.42 - 9.52	22%
USD RUB	77.200	-32.12%	-4.52%	-27.55%	2.74%	71.89	52.78 - 91.00	7%
USDBRL	5.336	-13.54%	-0.88%	-11.79%	1.93%	4.01	2.44 - 5.57	33%
USDCNH	7.068	-3.64%	-0.80%	-3.03%	7.95%	7.12	6.53 - 7.70	-1%
USDTRY	42.424	19.95%	0.88%	22.20%	438.97%	29.87	23.52 - 36.22	42%
USDINR	89.915	5.07%	1.27%	6.10%	21.96%	83.21	76.57 - 89.85	8%
US_Dollar_Index	99.350	-8.42%	-0.45%	-6.67%	9.03%	88.20	82.37 - 94.03	13%

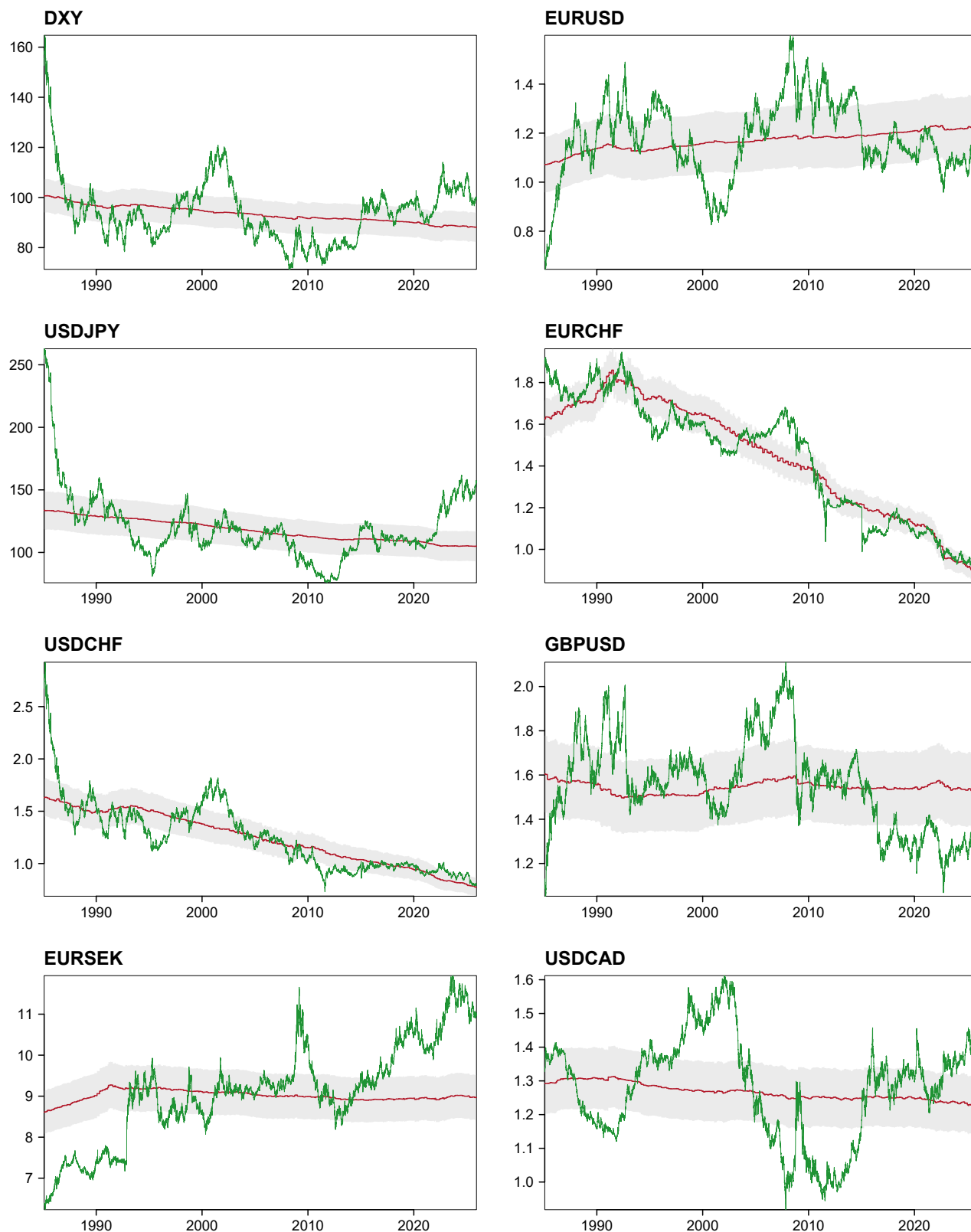
¹ Performance over the respective period of time, in percent

² Purchasing power parity (PPP) is estimated based on the relative development of inflation rates in two currency markets; the neutral range is determined by ± 1 standard deviation of the historical variation around the PPP value.

³ Deviation of the current spot rate from PPP, in percent.

Source: QCAM Currency Asset Management, as of December 3rd, 2025

Purchasing Power Parity



Source: QCAM Currency Asset Management, as of December 3rd, 2025

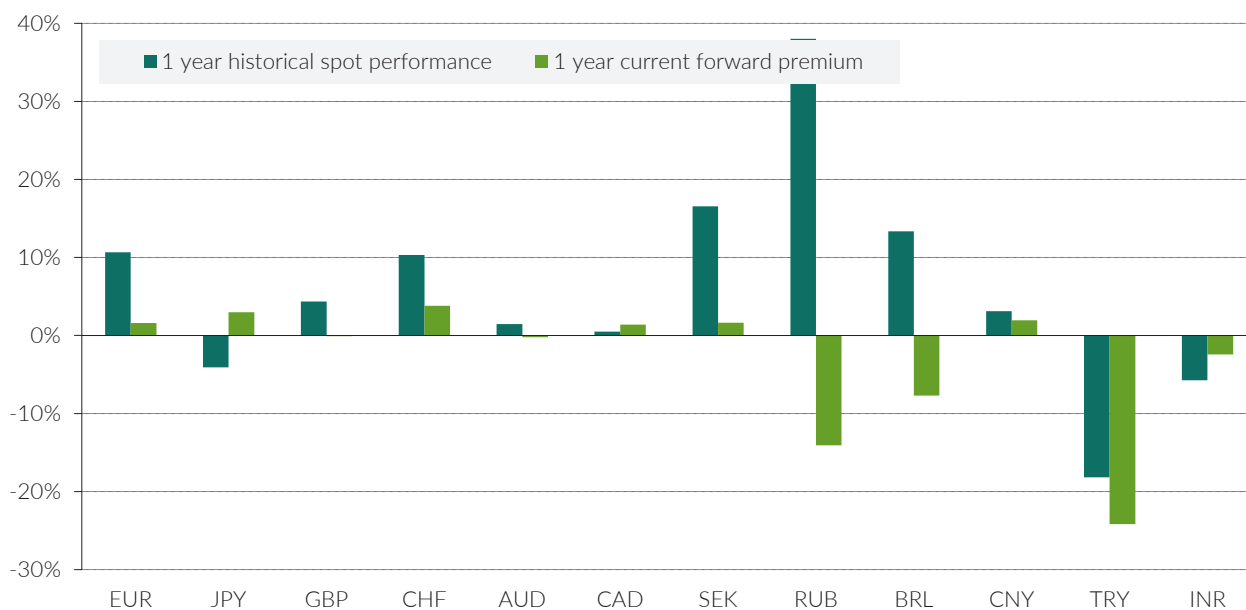
— PPP — Spot — Neutral Range

FX Spot vs Forwards

FX Forwards Level and Premium

	Current Exchange Rate	Forward Level			Premium p.a.		
		1M	3M	12M	1M	3M	12M
EURUSD	1.161	1.1627	1.1660	1.1795	1.99%	1.84%	1.59%
USDJPY	155.950	155.4394	154.6450	151.4176	-3.68%	-3.35%	-2.87%
GBPUSD	1.319	1.3194	1.3193	1.3181	0.01%	-0.04%	-0.09%
EURCHF	0.933	0.9313	0.9282	0.9136	-2.31%	-2.17%	-2.08%
USDCHF	0.804	0.8009	0.7960	0.7745	-4.29%	-3.99%	-3.61%
GBPCHF	1.061	1.0568	1.0501	1.0210	-4.28%	-4.03%	-3.71%
CHFJPY	193.957	194.0612	194.2732	195.4818	0.60%	0.65%	0.78%
AUDUSD	0.656	0.6556	0.6557	0.6540	0.24%	0.14%	-0.23%
USDCAD	1.399	1.3962	1.3927	1.3793	-1.85%	-1.69%	-1.36%
USDSEK	9.445	9.4263	9.3972	9.2935	-2.21%	-2.02%	-1.58%
EURSEK	10.963	10.9604	10.9573	10.9612	-0.23%	-0.19%	-0.01%
USD RUB	77.200	78.3257	80.0502	89.8609	13.13%	14.77%	16.18%
USDBRL	5.336	5.3698	5.4445	5.7817	7.22%	8.17%	8.25%
USDCNH	7.068	7.0529	7.0289	6.9326	-2.38%	-2.20%	-1.89%
USDTRY	42.424	43.5226	45.4636	55.9457	28.25%	28.66%	31.44%
USDINR	89.915	90.1139	90.4576	92.1443	2.49%	2.39%	2.45%

Historical Spot Performance and Current Forward Premium vs. the US Dollar



Source: QCAM Currency Asset Management, as of December 3rd, 2025

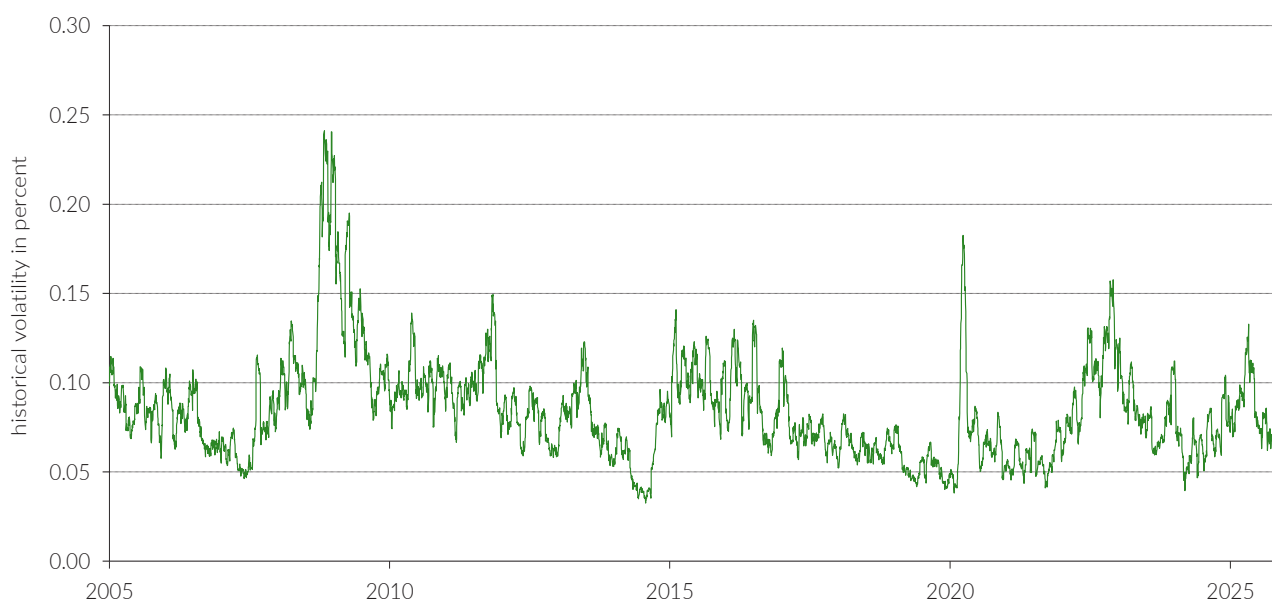
FX Volatility

Historical vs. Implied Volatility

	Current Exchange Rate	Historical Volatility ¹				Implied Volatility ²			
		Current	1M	12M	Ø 5 years	Current	1M	12M	Ø 5 years
EURUSD	1.161	5.30%	6.05%	7.04%	7.47%	5.65%	5.78%	7.75%	7.17%
USDJPY	155.950	8.32%	8.43%	11.39%	9.47%	9.10%	8.73%	11.15%	9.35%
GBPUSD	1.319	5.95%	6.29%	7.31%	8.25%	6.35%	6.95%	7.68%	8.12%
EURCHF	0.933	2.89%	2.86%	4.93%	5.17%	4.03%	4.22%	5.98%	5.55%
USDCHF	0.804	6.60%	6.60%	6.83%	7.80%	6.60%	6.68%	7.30%	7.37%
GBPCHF	1.061	4.66%	4.57%	7.32%	7.04%	5.80%	6.25%	7.05%	7.35%
CHFJPY	193.957	7.06%	5.99%	7.95%	7.97%	7.38%	7.30%	9.65%	8.52%
AUDUSD	0.656	6.68%	6.95%	8.81%	10.36%	7.98%	8.15%	9.50%	10.13%
USDCAD	1.399	3.75%	3.51%	4.37%	6.34%	4.48%	4.28%	5.53%	6.39%
USDSEK	9.445	7.39%	7.99%	8.88%	10.89%	8.17%	8.48%	11.15%	10.62%
EURSEK	10.963	4.57%	4.40%	5.23%	6.16%	5.10%	5.15%	5.93%	6.47%
USD RUB	77.200	13.63%	13.01%	22.78%	22.33%	22.83%	22.95%	24.10%	27.29%
USDBRL	5.336	8.94%	9.02%	11.61%	13.66%	11.28%	11.68%	14.93%	15.66%
USDCNH	7.068	2.12%	2.13%	5.48%	4.54%	2.78%	3.13%	5.93%	5.14%
USDTRY	42.424	1.48%	1.44%	2.71%	11.68%	12.48%	12.90%	14.35%	20.18%
USDINR	89.915	4.03%	3.80%	1.36%	3.82%	4.08%	3.75%	3.20%	4.64%

¹ Realised 3-month volatility (annualised) ² Market implied 3-month volatility (annualised)

QCAM Volatility Indicator³



³ The QCAM volatility indicator measures general volatility in global FX markets; the indicator is based on historical volatility of the main exchange rates, which are weighted by trading volume.

Source: QCAM Currency Asset Management, as of December 3rd, 2025

FX Analytics

QCAM has an analytical framework to take scalable exchange rate positions. The QCAM exchange rate strategy for each currency pair has three principle components:

- **Macro**
- **Business Sentiment**
- **Technical**

The positioning signals from each component are aggregated into an overall positioning score for each currency pair.

The Macro component consists typically of economic growth, balance of payments, fiscal and monetary policy and in some cases commodity fundamentals. The positions are either discretionary or model driven.

The Business Sentiment component is a rule-based framework built on business surveys.

The Technical component consists primarily of the technical analysis of daily exchange rates (trend following and mean reversion).

The summary table below and the following pages show the QCAM strategy framework and the

positioning for the major currency pairs actively covered by QCAM. The tables break each of the three strategies into subcomponents with an indication of the current impact. The charts show the respective exchange rate with past QCAM positions and their scale.

December 2025 – Current positioning

We kept all discretionary Macro positions unchanged with EUR, JPY, CHF and SEK long versus the USD. The Macro interest rate model shifted short JPY. In Business Sentiment, the short CHF position switched to long versus the USD. The balance of all Business Sentiment positions is 50% short USD. In Technical, the short GBP position declined, the SEK position went neutral versus the EUR and the CAD position went short versus the USD. On balance, the long USD Technical positions increased. The balance of all strategy positions is slightly short USD resting mainly on the longs in EUR and CHF. The overall EUR position is neutral versus the CHF and short versus the SEK.

Overview¹

	Macro	Business Sentiment	Technical	Comment
EURUSD	+	+	0	All positions were unchanged with the overall position 25% long EUR.
USDJPY	-/+	--	++	The Macro carry model went short JPY, leaving the overall position roughly neutral
EURCHF	0	+	-	All EURCHF positions were unchanged. Business Sentiment went long CHF versus the USD, pushing the overall position to long CHF versus the USD.
USDCHF	-	--	0	
GBPUSD	0	++	-	The short GBP Technical position declined, pushing the overall position to slightly long GBP.
EURSEK	0/+	--	0	The Technical position went neutral, reducing the overall long SEK position.
USDCAD	0	-	++	The Technical position went short CAD, leaving the overall position short CAD as well.

¹ The signs relate to the first currency of the exchange rate pair ; ++ or -- means 100% long or short; */* means split strategy position.

EURUSD

We kept the Macro position at long EUR (see also main article). Positive growth revisions, ECB on hold and a solid current account surplus remain key supports for the EUR, while we think that US growth will moderate, the Fed will ease further and the US current account deficit will stay high. EUR upside potential depends on more hedging activity as in-

terest rate spreads narrow and US policy uncertainty continues. The main risk to the bullish EUR view are political and fiscal tensions in the EU and a more resilient US economy. Business Sentiment stayed long EUR, Technical remained neutral and the balance of all strategy positions is 25% long EUR.

	FX Factors	EUR Impact	Comment
Macro	Current Account Balances	+	The Euro-area's current account surplus remains stable versus the US current account deficit
	Fiscal Balances	0	Euro-area deficit likely to rise but remain below the US deficit
	Interest Rate Differentials	0/+	ECB easing has come to an end but Fed likely to cut further
Sentiment	Business Sentiment	+	The momentum of Euro-area surveys stayed ahead versus that of US surveys
	Risk Sentiment	0/-	Political uncertainties remain a risk factor
Technical	Price Action	-	Technical stayed short EUR
	Spec Positions	0/-	Net long EUR position remained elevated
	PPP Valuation	0	EUR is 6% undervalued

EURUSD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

USDJPY

We kept the discretionary Macro position at long JPY (see also main article). The data continues to show economic growth and inflation resilience. The BoJ paused following the change in government but we expect rate hikes will resume possibly as early as at the next meeting. We believe the Takaichi-trade (buy Japanese equities and sell the JPY) has largely run its course and

we also expect the JPY to gradually regain its safe-haven status, which helps in times of increased policy uncertainty. As a result, we see the overall risk/reward trade-off as favourable for the JPY. The Macro carry model went short JPY, Business Sentiment remained long JPY and Technical stayed short JPY, shifting the overall JPY position to roughly neutral.

	FX Factors	JPY Impact	Comment
Macro	Current Account Balances	+	The Japanese current account surplus remains solid
	FDI Flows	-	Net outflows largely offset current account surplus
	Interest Rate Differentials	-	The Macro carry model went short JPY on reduced volatility
Sentiment	Business Sentiment	+	The momentum of Japanese Business Sentiment improved versus that of US surveys
	Risk Sentiment	0	Safe-haven character not yet restored
Technical	Price Action	-	Technical stayed short JPY
	Spec Positions	0	Net long JPY position declined close to neutral
	PPP Valuation	+	The JPY is currently about 48% undervalued

USDJPY and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

EURCHF

We kept the discretionary Macro position at neutral versus the EUR. EURCHF stayed in the 0.92 to 0.94 range since early April. Swiss fundamentals remain solid despite the tariff shock, external and fiscal positions are rock solid and the CHF is an attractive safe haven and reserve currency in times of increased uncertainty. Potential risks to the economy and ongoing low in-

flation favour more monetary easing, but we think the SNB will refrain from cutting interest rates below zero and also resist larger FX interventions to avoid escalating the conflict with the US. The Business Sentiment positions remained short CHF versus the EUR and Technical stayed long CHF versus the EUR, leaving the balance of all strategy positions at neutral.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0	SNB not expected to go from zero to negative
	SNB Policy Intervention	0	Limited risk of significant SNB FX interventions
Sentiment	Business Sentiment	-	The Swiss economy stayed behind the Euro-area economy in the surveys
	Risk Sentiment	0	Changes in risk sentiment had limited impact on the CHF lately
Technical	Price Action	+	Technical stayed long CHF
	PPP Valuation	0	CHF is close to fair-value versus the EUR

EURCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

USDCHF

Our Macro positions in EURCHF and EURUSD (neutral and long respectively) imply long CHF versus the USD. Swiss fundamentals remain solid despite the tariff shock, external and fiscal positions are rock solid and the CHF is an attractive safe haven and reserve currency in times of increased uncertainty. The potential risks to the economy and ongoing low inflation favour more monetary easing, but we think the SNB will

refrain from cutting interest rates below zero and also resist larger FX interventions to avoid escalating the conflict with the US. The main downside risk for the CHF is the attractive funding position for carry trades. The Business Sentiment position went long CHF versus the USD and Technical stayed neutral, switching the overall CHF to long versus the USD.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0/-	SNB not expected to move rates from neutral to negative
	SNB Policy Intervention	0	Limited risk of sizable SNB FX interventions
Sentiment	Business Sentiment	+	Momentum of Swiss surveys rose versus that of US surveys
	Risk Sentiment	0	Changes in risk sentiment had limited impact on the CHF lately
Technical	Price Action	0	Technical stayed neutral CHF
	Spec Positions	0/+	The CHF remained moderately oversold
	PPP Valuation	0	CHF is close to fair value

USDCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

GBPUSD

We keep the discretionary Macro position at neutral despite our overall bearish USD outlook. The economy has been resilient but we believe that UK fundamentals remain challenged thanks to BREXIT. The new budget was well received yet fiscal consolidation remains a huge challenge. The twin deficits and a negative net international investment position limit the GBP's opportunity to benefit from

broad USD asset rebalancing and currency hedging. The BoE faces a similar inflation challenge as the Fed and we no longer expect the BoE to cut interest rates more than the Fed. The Business Sentiment position stayed long GBP versus the USD while the short GBP Technical position declined. The overall strategy position is slightly long GBP.

	FX Factors	GBP Impact	Comment
Macro	Current Account Balances	0/-	The UK deficit has returned to pre-Corona levels
	Interest Rate Differentials	0	UK rates are at par with US rates but BoE no longer expected to cut rates more than the Fed.
Sentiment	Business Sentiment	+	Momentum in UK surveys increased versus US surveys
	Risk Sentiment	0	The negative sentiment faded after the budget announcement
Technical	Price Action	-	Technical stayed short GBP
	Spec Positions	0	Net position stayed at neutral
	PPP Valuation	0/+	The GBP is 14% undervalued

GBPUSD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

EURSEK

We keep the discretionary Macro position at neutral. Economic conditions have improved and the drag from the housing sector is fading as the Riksbank lowered interest rates. The Macro interest rate model stayed short SEK and Business Sentiment remained long SEK, while Technical went neutral, leaving the overall SEK position moderately

long versus the EUR. We are also bullish SEK versus the USD given the long EURUSD Macro position. The SEK is well positioned for a rebalancing in foreign portfolio positions given its current account surplus and large positive net international investment position.

	FX Factors	SEK Impact	Comment
Macro	Current Account Balances	+	Sweden's surplus has rebounded to levels above those before the Ukraine war
	Interest Rate Differentials	-	The Macro interest rate model stayed short SEK
Sentiment	Business Sentiment	+	Surveys stayed long SEK
	Risk Sentiment	0	Risk sentiment has improved but not bullish
Technical	Price Action	0	Technical went neutral SEK
	PPP Valuation	+	The SEK is roughly 22% undervalued versus the EUR

EURSEK and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

USDCAD

We kept the discretionary Macro position at neutral despite our general bearish USD outlook. The trade conflict with the US remains an open issue and low oil prices are also a headwind for the Canadian economy. Canadian inflation is below US inflation and the BoC lowered interest rates more than the Fed, given the interest burden in the housing sector. The BoC took

a pause, but we expect one more 25bps rate cut. Market sentiment towards the CAD has improved following the change in leadership and handling of the tensions with the US by the new government. Business Sentiment stayed at a small long position while Technical went short CAD, moving the overall CAD position to a moderate short.

	FX Factors	CAD Impact	Comment
Macro	Current Account Balances	0	Canada's current account deficit remains small versus the US deficit and compared to past levels
	Interest Rate Differentials	-	CAD interest rates moved lower ahead of USD interest rates
Sentiment	Business Sentiment	+	Canada has gained momentum versus the US in the surveys
	Risk Sentiment	0/-	Tensions with the US over tariffs remain elevated
Technical	Price Action	-	Technical went short CAD
	Spec Positions	0	The CAD oversold position increased and is becoming extreme
	PPP Valuation	0	CAD is about 14% undervalued versus the USD

USDCAD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

QCAM Products and Services

Our edge derives from a focus on professional currency management, the absolute transparency and the careful examination of risk. It is our mission to offer our clients innovative transparent solutions, in a thoughtful and risk-controlled environment, and to surpass investment goals.



Currency Overlay

Risks under control – opportunities in sight: QCAM Currency Overlay offers customised solutions for individual needs and investment goals. Our Passive Overlay focuses on risk management, reduction of transaction costs and the customer specific management of resulting cash flows.

Our Dynamic Overlay aims to generate returns based on QCAM's proprietary FX Analytics, embedded in a strict risk budgeting framework.

FX Best Execution

With larger foreign currency transactions, even a small difference in pricing leads to a major impact on costs and revenues. While it is unattainable for most players to keep the full overview of the deals available in the market, independence and transparency are essential. We carry out a Transaction Cost Analysis for our clients to evaluate potential cost savings. Also, QCAM assists its clients in the design of an optimal multibank-setup and conducts clients FX transactions transparently, independently and in the client's best interests.



Short Term Fixed Income USD Strategy

QCAM's Short Term Fixed Income USD Strategy (QCAM STFI USD) enhances yield via the use of the FX interbank swap-market. Also, we take advantage from excellent conditions which we receive from our large pool of partner banks and highly rated debtors for money market and currency transactions. Over the years, QCAM STFI USD has consistently outperformed its peers. It is investable either through a Swiss-regulated investment fund or as a managed account.

FX Alpha

Currencies as an attractive portfolio diversification via QCAM FX BIAS. The focus on QCAM's Business Intelligence Alpha Strategy is on business indicators which we have successfully used for many years. The strategy is market-neutral, no specific market environment necessary. Diversification via a pool of ten different currencies and their respective trading signals.



QCAM Profile

About us

QCAM Currency Asset Management AG is an independent financial services provider with focus on currency and money market management. QCAM brings together a team of internationally experienced Currency and Asset Management specialists, who are managing assets of institutional clients of approx. USD 6 billion.

Our core competences are Currency Overlay Services, FX Transaction Execution according to «Best Execution» principles, FX Alpha and Short Term Fixed Income Management.

Long-standing customers of QCAM are pension funds, family offices, investment funds, companies, NGOs and HNWI's.

Headquarters

Zug, Switzerland

Founded

2005

Regulation

FINMA since 2007
SEC since 2014

Independent and Transparent

- ☐ Interests directly aligned with those of our clients
- ☐ Client focused solutions, tailored to each individuals requirements
- ☐ Independent selection of suitable external services providers
- ☐ No principal-agent conflicts
- ☐ Transparent fee model – no hidden costs
- ☐ Transparent reporting

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