



GEOPOLITICAL INVESTMENT STRATEGY

*Investment play in Global Defence
& Safe-Haven Assets*



Defense Sector & Precious Metals

MAY 2025

DISCLAIMER: WHOLESALE, PROFESSIONAL OR SOPHISTICATED INVESTORS ONLY

GEOPOLITICAL RISKS IN 2025

Key Global Geopolitical Issues and Tensions

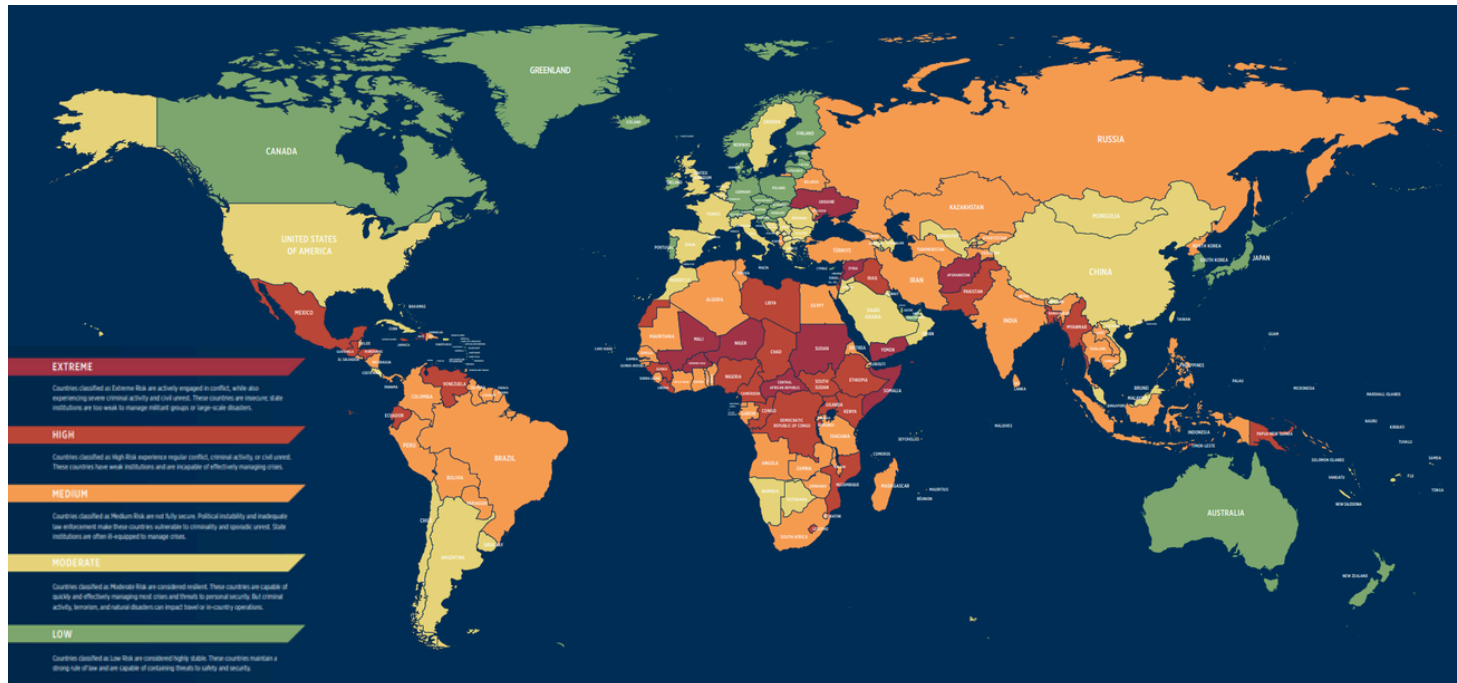
- **Global Trade Protectionism and Economic Confrontation**
 - Escalating tariffs and trade barriers, especially between the U.S., China, and other major economies, threaten global supply chains and increase economic uncertainty.
 - The U.S. is pursuing a more protectionist approach, with proposed tariffs on China and other trading partners, potentially triggering retaliatory measures and reconfiguring global trade flows.
 - Economic security measures, trade restrictions, and technology transfer controls are increasingly used as instruments of geopolitical rivalry.
- **U.S.-China Strategic Competition**
 - Heightened rivalry over trade, technology, and security, particularly concerning Taiwan and the South China Sea, is a central driver of global instability.
 - Technology decoupling is accelerating, with both countries separating their technology sectors, affecting global tech supply chains and investment.
 - The risk of accidental conflict or escalation remains a major concern, especially around Taiwan and in the South China Sea.
- **Regional Conflicts and Armed Confrontations**
 - Middle East: Ongoing and potential escalation of conflict involving Israel, Iran, and neighbouring states, with risks of regional spillover and wider war.
 - Russia-NATO: The war in Ukraine and heightened tensions between Russia and NATO persist, with risks of direct confrontation and ongoing sanctions.
 - North Korea: Escalating tensions on the Korean Peninsula, with risks of military confrontation and increased geopolitical friction due to alliances with Russia.
 - Other Regions: Political instability and armed conflict in emerging markets, particularly Latin America and Africa, impact local and global markets.
- **Political and Social Instability**
 - Many countries are experiencing heightened political instability, social unrest, the rise of populism, and coups d'état, especially after a wave of elections in 2024.
 - Emerging markets face political crises, economic challenges, and internal division, increasing global uncertainty.
- **Supply Chain and Commodity Vulnerabilities**
 - Most global platinum and silver production comes from countries facing significant geopolitical and domestic challenges, making supply highly exposed to disruption¹.
 - Resource nationalism, regulatory unpredictability, and regional conflicts threaten mining and commodity supply chains.
- **European Fragmentation**
 - The EU faces internal political and economic divisions, including fiscal policy disputes, migration challenges, and populist movements.
 - Competitive pressures from the U.S. and China, high energy prices, and security concerns further strain European unity.

Both defense stocks and precious metals are poised to benefit from a world characterized by persistent conflict, supply chain fragmentation, and rising strategic competition. They offer a hedge against heightened geopolitical risks and are good strategic play for investors seeking to capitalize on ongoing global uncertainty and market volatility.

GEOPOLITICAL STRATEGY DEFENSE & PRECIOUS METALS

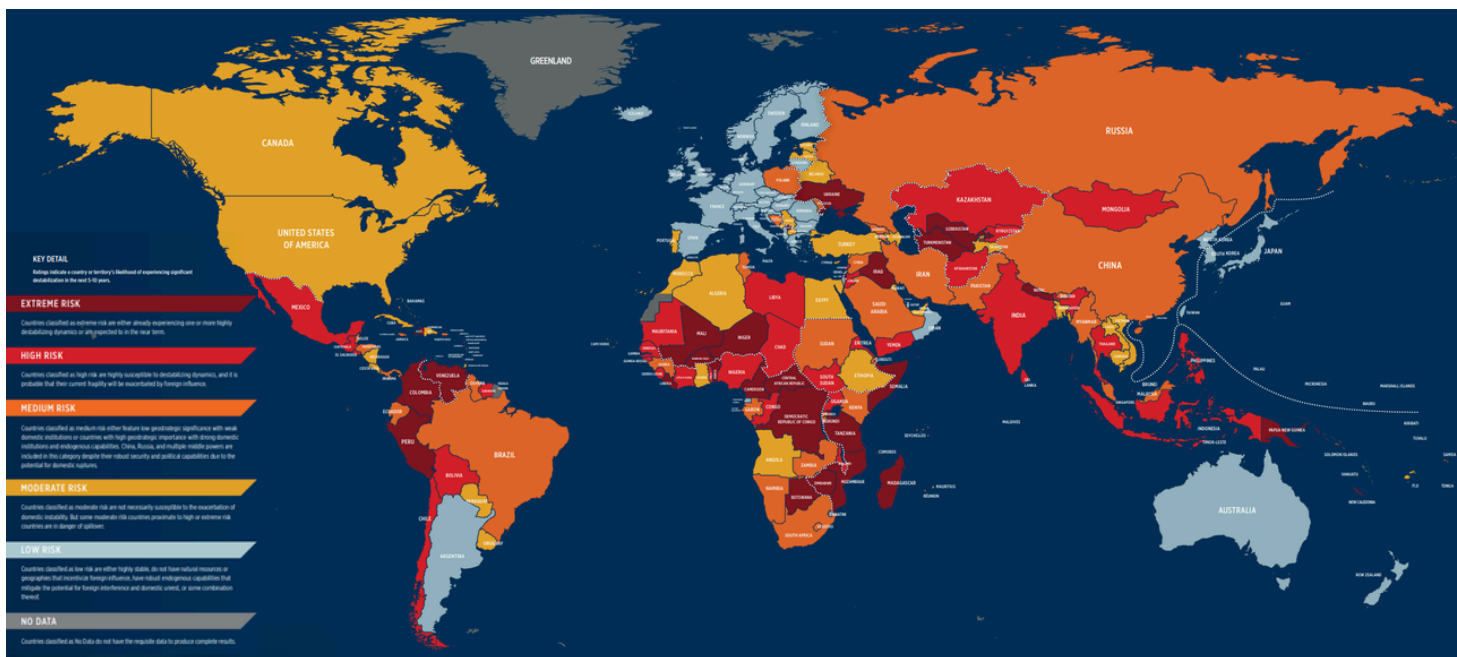
GEOPOLITICAL RISKS IN 2025

2025 Global Risk Map



The Global Risk Map highlights country-specific security risk ratings based on a series of indicators including crime, health, natural disasters, infrastructure, political stability, civil unrest, and terrorism. The map aims to inform businesses and their travelers on the risks they face abroad

Global Guardian's Geostrategic Stress Index (GSI)



Global Guardian's Geostrategic Stress Index (GSI) is a predictive model that shows which countries are most likely to undergo a polycrisis in the next five years driven by geostrategic concerns. This map attributes a low to extreme categorical risk rating that indicates the likelihood of a local crisis taking on regional or global dimensions as countries navigate new cold war relations and the resources for the fourth industrial revolution become more contested.

2025 Geostrategic Stress Index Sources: GG Research Team, SIPRI, Global Firepower, World Bank, Statista, US Geological Survey, International Renewable Energy Agency, U.S. Department of Energy, World Gold Council, The Fund for Peace – Fragile States Index,

INVESTMENT CATALYSTS

Key Catalysts for Increased Defense Spending

- **Heightened Geopolitical Tensions:** Ongoing conflicts such as the Russia-Ukraine war, escalating tensions in the Middle East, and strategic competition between the U.S. and China are major drivers of global military expenditure.
- **NATO and U.S. Policy Shifts:** Pressure from the U.S., particularly under potential Trump administration policies, for European NATO members to increase their defense spending has led to significant budget hikes across Europe, with some countries aiming for 2.5–5% of GDP devoted to defense.
- **Technological Advancements:** Investments in AI, cybersecurity, drones, and other advanced technologies are central to modern defense strategies, further boosting spending.
- **Regional Arms Races:** Countries in Asia-Pacific (China, Japan, India, Taiwan) are rapidly increasing military budgets in response to unresolved disputes and mounting regional tensions.
- **Supply Chain and Economic Security:** Governments are prioritizing the protection of critical infrastructure and supply chains, especially for minerals and metals essential to defense industries.

Key Catalysts for the Rise of Silver and Platinum

- **Geopolitical Instability in Producing Nations:** The majority of silver and platinum production comes from politically unstable countries (e.g., South Africa, Zimbabwe, Russia for platinum; Mexico, Peru, Bolivia for silver), where political crises, resource nationalism, and regulatory changes disrupt supply.
- **Trade Protectionism and Sanctions:** Escalating tariffs, trade barriers, and sanctions (e.g., U.S.-China trade tensions, sanctions on Russia) fragment supply chains and restrict the flow of metals, leading to supply shortages and price volatility.
- **Resource Nationalism:** Governments in key producing countries are increasing taxes, tightening regulations, and sometimes threatening nationalization, deterring investment and creating uncertainty for mining operations.
- **Supply Chain Fragmentation:** Efforts by nations to secure critical minerals and reduce dependence on geopolitical rivals are leading to a patchwork of bilateral deals, export restrictions, and stockpiling, further straining supply.
- **Safe-Haven Demand:** During periods of heightened geopolitical risk, investors turn to precious metals like silver and platinum as hedges against uncertainty, driving up prices.

Summary Table: Key Catalysts:

Catalyst	Defense Spending	Silver & Platinum Markets
Geopolitical Tensions	War, regional conflicts, U.S.-China rivalry	Political instability, resource nationalism, sanctions
Policy Shifts	NATO spending targets, U.S. pressure	Mining regulation changes, trade policies
Technological Investment	AI, cybersecurity, drones	—
Supply Chain Concerns	Critical infrastructure, mineral security	Supply chain fragmentation, export restrictions
Safe-Haven Demand	—	Investor shift to metals as hedges

INVESTMENT CATALYSTS - DEFENSE COMPANIES

Global defense spending is increasing

Governments worldwide are prioritizing national security and modernizing defense capabilities, with NATO countries under particular pressure to increase defense budgets—potentially to as high as 5% of GDP—which would further bolster revenues for defense contractors.

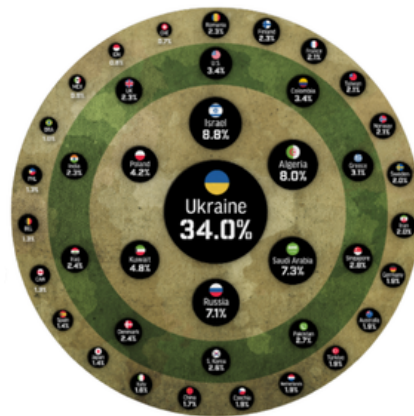
While risks such as supply chain fragmentation, policy uncertainty, and market volatility persist, defense firms are well-positioned to benefit from sustained increases in government outlays, technological innovation, and heightened demand for advanced systems, making the sector a defensive play in an increasingly uncertain global landscape.

GLOBAL MILITARY SPENDING FORECAST (IN BILLIONS OF CONSTANT 2022 \$USD)



Information derived from Stockholm International Peace Research Institute. (2024, April). Trends in World Military Expenditure 2023. There is no guarantee that any trends observed in this material will continue.

MILITARY SPENDING % GDP



Globally, military expenditure in 2024 made up 2.5% of the world's GDP and is expected to rise to 3.5%+ by 2030.

Defense stocks are set to benefit due to the unprecedented rise in global military spending, driven by escalating geopolitical tensions, persistent conflict in Ukraine, heightened U.S.-China rivalry, and ongoing instability in the Middle East.

Defense companies that benefit from general Geopolitical turmoil & NATO de-funding

The overlap between the defense companies poised to benefit from increased global defense spending (due to conflicts in Ukraine, the Middle East, Taiwan Strait, etc.) and those that would gain from NATO members increasing their own defense spending is significant. Both scenarios favor large, diversified defense contractors with strong international sales and advanced military technology offerings.

Companies that align across both contexts:

Company	Global Conflict Relevance	NATO Self-Funding Relevance (Europe, NATO modernization)	Key Strengths/Products
Lockheed Martin	High	High (US, but strong European sales)	Fighters, missiles, space, hypersonics
Raytheon (RTX)	High	High (US, but strong European sales)	Missiles, air defense, hypersonics
Thales	High	High	Electronics, cybersecurity
General Dynamics	High	High (US, but strong European sales)	Armored vehicles, submarines, comms

GEOPOLITICAL STRATEGY

DEFENSE & PRECIOUS METALS

DEFENSE COMPANIES

Global Defense Basket

Company	Price	1Y Return	Upside Tan	Div Yield	Comment
Lockheed Martin (LMT)	\$ 468.88	3%	21.2%	2.7%	Steady, but off highs
Raytheon (RTX)	\$ 132.35	27%	16.2%	2.2%	Growth leader, premium P/E
Thales SA (HO)	€ 257.00	57%	13.4%	2.5%	European tech/defense blend, recent breakout
SAAB (SAABB)	SEK 472.70	102%	14.2%	0.4%	European defense blend, recent breakout

Contradictions = Opportunity

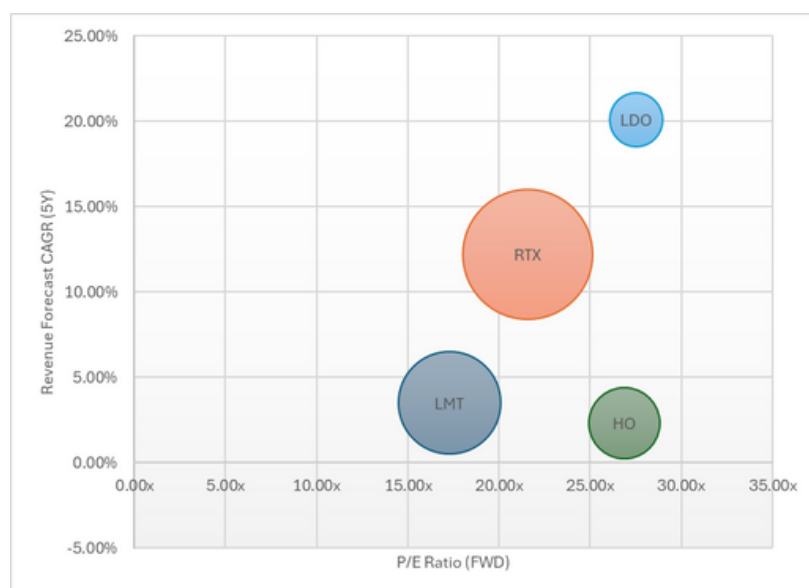
- **Lockheed Martin:** Earnings machine (23.8% ROIC, 22 years of dividend hikes), but wrestling with the loss of the NGAD contract and F-35 risks.
- **Raytheon RTX:** Strikes and supply chain drama, yet analysts just boosted their price target to \$140 and momentum is strong in missile defense and radar
- **Thales:** Tech-forward, European exposure, and a 14.1% revenue growth spurt—but at a premium P/E.
- **Leonardo:** Global leader in aerospace, defense, and security, offering cutting-edge technologies across helicopters, electronics, aeronautics, space, and defense systems

Global Shields, Local Risks

- **Geopolitics drive demand:** Rising defense budgets and new threats fuel sales, from U.S. missile systems to Europe's push for autonomy
- **Not all smooth sailing:** Each name faces supply chain, contract, or political risk—think of it as owning a fortress with a few tricky drawbridges.

Trophy Defensive Yields, Offensive Growth

- **Yields:** 1.9%-3.0%, with steady dividend growth histories.
- **Growth:** Thales, Leonardo and RTX surged in the last year, while LMT offer stability and cash returns.
- **Valuations:** Range from LMT's reasonable 17.3x forward P/E to Thales' lofty 26.9x—diversification helps manage the extremes.



Code	PE (FWD)	5Y Rev CAGR	Market Cap (B)
LMT	17.30x	3.50%	\$ 109.86
RTX	21.60x	12.20%	\$ 176.81
HO	26.90x	2.30%	€ 52.77
LDO	27.50x	20.10%	€ 29.54

GEOPOLITICAL STRATEGY

DEFENSE & PRECIOUS METALS

INVESTMENT CATALYSTS - SILVER/PLATINUM

Safe-haven and Store of Value

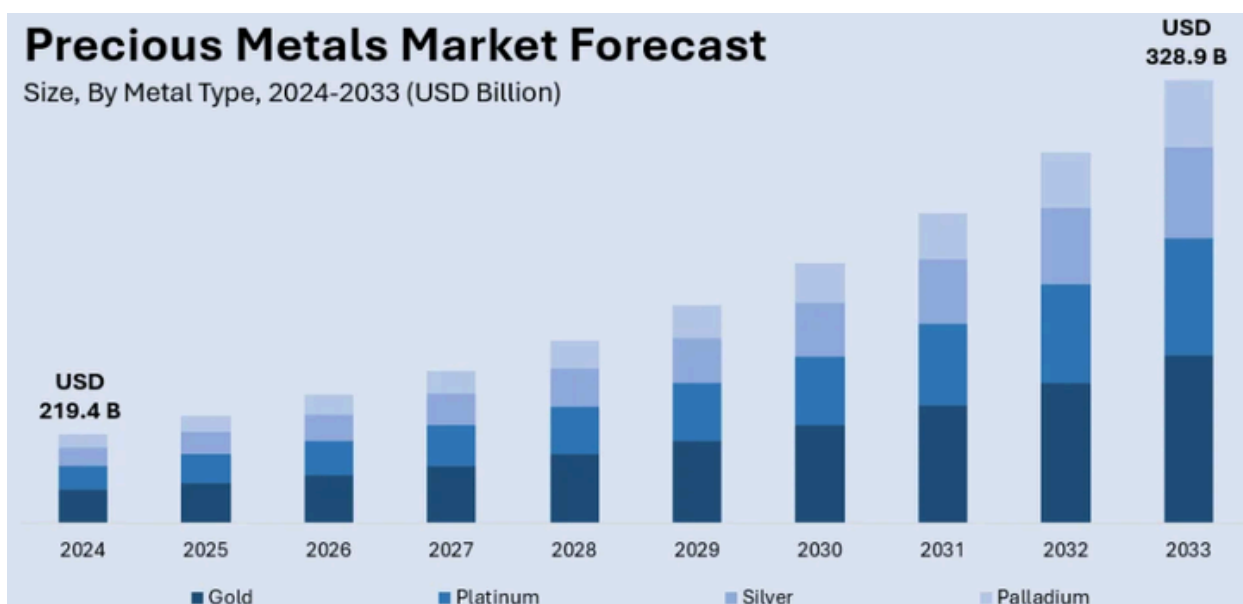
During periods of geopolitical turmoil, precious metals are widely sought as safe-haven assets. However, not all precious metals respond equally—some rise more sharply and consistently than others.

Although gold is traditionally the most reliable play, the secure supply chains and recent 2 year rally see it already priced at premium and any geopolitical reaction to the upside would be temporary. The geopolitical instability in producing countries, higher industrial use and recent compounding supply deficits of Silver and Platinum make them the best investment investment on a risk to reward basis.

Metal	Primary Geopolitical Risks	Demand Drivers	Supply/Demand Dynamics
Gold	Trade wars, regional conflicts, political instability	Safe-haven flows, central bank buying	Overall, stable supply chains from large producers & demand drivers already priced in
Silver	Resource nationalism, U.S.-China decoupling	Industrial use, investment rebound	Byproduct mining (75% of supply) & Concentrated production in unstable regions
Platinum	South Africa/Zimbabwe crises, Russia sanctions	Increasing Central Bank Investment, industrial & Jewellery demand	Concentrated production in unstable regions

Non Geopolitical Demand

Industrial demand for silver through 2030 will be driven primarily by the rapid expansion of solar energy, electric vehicles, and advanced electronics, with each sector leveraging silver's unmatched conductivity and antimicrobial properties. Meanwhile, platinum's industrial demand will pivot toward hydrogen fuel cell vehicles and green hydrogen technologies, as well as ongoing use in automotive catalysts under stricter emissions standards, with hydrogen-related applications expected to become the largest growth area by the end of the decade. **Both metals face supply deficits as demand outpaces production, supporting a bullish outlook for prices.**



SILVER & PLATINUM

Silver: High Volatility with Dual Demand Drivers

Key Drivers of Demand:

- Industrial demand: Critical for solar panels, EVs, and electronics, providing a floor for prices even during economic downturns.
- Safe-haven appeal: Often outperforms gold percentage-wise during crises but with higher volatility.

Overlapping Geopolitical Risks:

- Resource nationalism in Mexico and Peru threatens supply (45% of global production).
- Geopolitical instability in key producers (Mexico, Bolivia) coincides with rebounding investment demand.

Price Outlook: 2025 Forecasts

Consensus Forecasts: Most institutional and independent forecasts for 2025 are bullish, with price targets generally ranging from \$33 to \$40 per ounce. Some independent analysts and research firms have more optimistic projections, suggesting silver could test or even surpass \$50 in 2025 if certain market conditions align.

Time Frame	Analyst Price Target	Notes/Context
Near-term	\$41	Technical breakout above \$35
2025 (consensus)	\$33–\$40	Institutional forecasts driven by Central bank buying & industrial demand
2025 (optimistic)	\$49–\$50	Independent analysts driven by technical breakout and spot geopolitical issues
2026–2030	\$77–\$88 (peak \$80–\$82)	Long-term outlook driven by increased industrial demand and supply deficits

Platinum: Moderate Gains with Concentrated Supply Chain Risks

Key Drivers of Demand:

- Investment demand surge: Driven by tariff uncertainties and Chinese buying.
- Supply deficits: Third consecutive annual deficit in 2025 due to production cuts in South Africa and Zimbabwe.

Overlapping Geopolitical Risks:

- South Africa's political tensions with the U.S. (AGOA trade threats) and internal governance crises.
- Zimbabwe's civil unrest and Russia's sanctions create persistent supply-chain fragility.
- Exposed to energy market shocks (Middle East conflicts) due to its role in catalytic converters.

Price Outlook: 2025 Forecasts

UBS: \$1,100; Trading Economics: \$1,108; Major analysts: \$900–\$1,100 or \$850–\$1,220 range

Timeframe/Scenario	Price Target (USD/oz)	Notes/Source
2025 Consensus	\$1,000–\$1,108	UBS: \$1,100; Trading Economics: \$1,108; Major analysts: \$900–\$1,100 or \$850–\$1,220 range
2025 Optimistic	\$1,250–\$1,500	Bullish scenario: \$1,250 (if strong industrial demand); Very bullish: \$1,500 (rare catalyst)
2026–2030	\$1,150–\$2,304	2026: \$1,150–\$1350 2030: Analyst consensus \$2,143–\$2,304

STRATEGY DETAILS

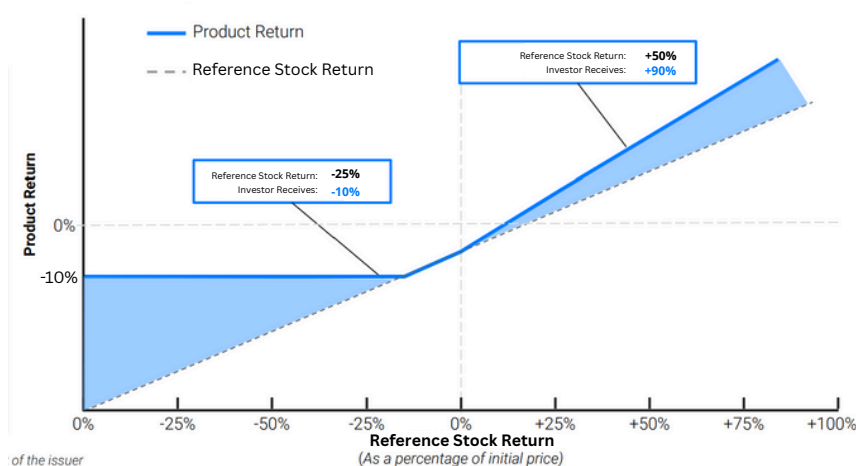
Defense Sector - Principal Protected

Stock Basket: Lockheed Martin, Raytheon, Thales, Leonardo - 24 Month Maturity

Investment Structure

- **Principal Protection (90%)**
 - Guarantees 90% of the initial investment at maturity (subject to issuer credit risk).
 - Maximum loss is therefore capped at 10% of the initial investment, regardless of the reference stock performance over the 2-year term.
- **Leveraged Upside Participation (180%)**
 - The reference stock is on the worst performing stock in the basket
 - Provides 1.8X leverage on any positive performance of the reference stock.
 - For every 1% increase in the reference stock, the product returns 1.8% to the investor.

Payoff Chart



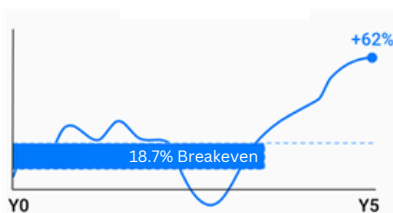
Precious Metals - Enhanced Growth

Basket: Platinum & Silver - 24 Month Maturity

Scenarios: Example of a \$18,600 Investment

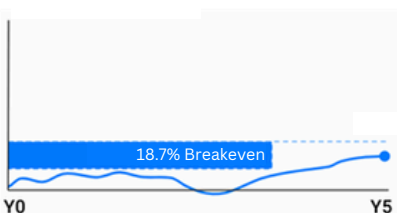
Scenario 1: Strong Performance

The reference asset is up 62.00% at maturity: **+231.55% ROI**



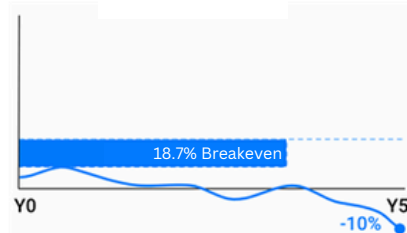
Scenario 2: Weak Performance

The reference asset is up 15% at maturity: **-19.79% ROI**



Scenario 3: Negative Performance

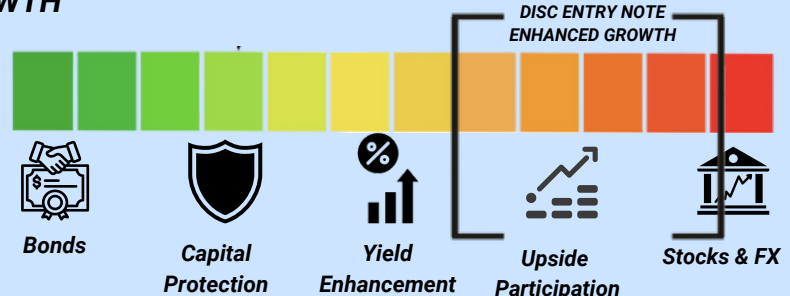
The reference asset is down -10% at maturity: **-100.00% ROI**



STRUCTURED INVESTMENT

DISC ENTRY NOTE + ENHANCED GROWTH

Combining a discount entry note strategy in the Defense Sector and an enhanced growth strategy in the precious metals leverages the most upside with minimal risk



Risk profile - Where do structured Investments fit in a portfolio?

Protection

Help Reduce Risk

Reposition a portion of equity exposure

- Reduce downside risk
- Maintain a level of equity upside

Growth

Help Increase Returns

Reposition a portion of a balanced portfolio

- Maintain upside potential
- Establish downside protection

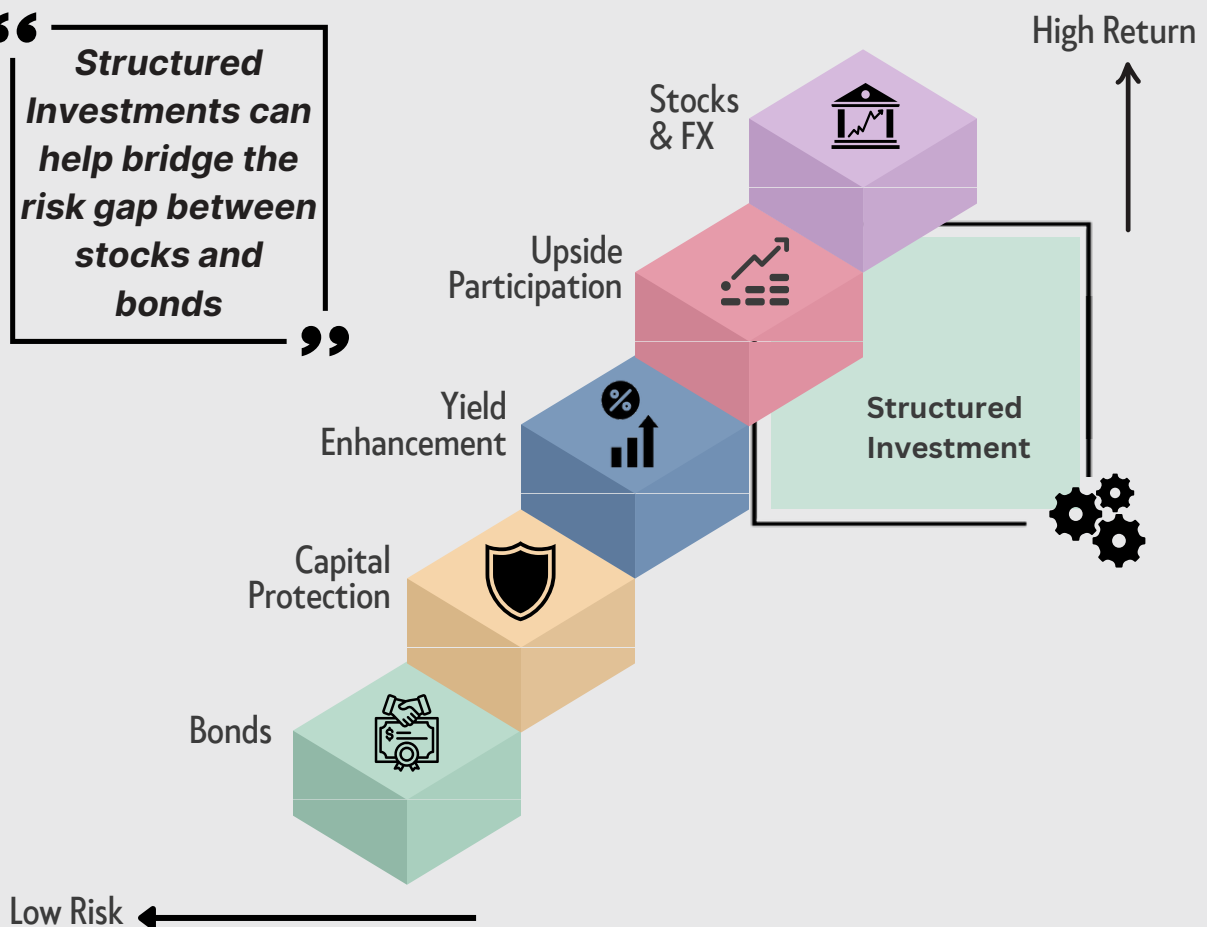
Income

Shift out of cash

Reposition a portion of cash off the sidelines

- Increase yield
- Preserve risk targets

“**Structured Investments can help bridge the risk gap between stocks and bonds**”



About Structured Investments

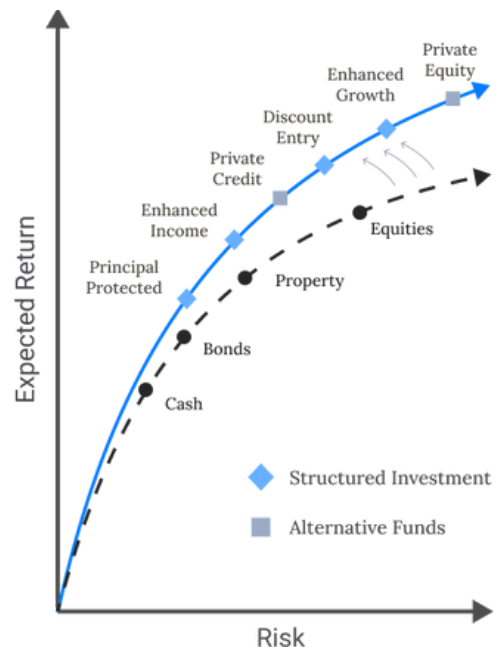
What are Structured Investments?

Structured investments represent a fusion of financial derivatives and traditional assets. These investments are issued by most major banks, including Goldman Sachs, Morgan Stanley, BNP Paribas and Citi, amongst others.

Clients utilise structured investments to meet specific investment objectives, whether it be capital protection, enhancing income or capitalise on a growth view. The strategies can be linked to the performance of various underlying assets, including equities, commodities, bonds, funds and ETFs - and can be designed in any major currency.

The ability to tailor a structured investment around an investor's objective and asset class, can achieve better risk adjusted returns.

How **Structured Investments** fit in a portfolio ¹



Key Benefits of Structured Investments: ²

01

Ability to generate greater certainty of returns and navigate volatile market cycles.



02

Ability to highly curate a product around an investor's objective, asset class, currency and time horizon.



03

Potential for better risk-adjusted returns than a direct investment into an asset class.

Insights on the global structured investment market

>\$7Tn ³

Structured notes are more than an estimated \$7 trillion dollar market globally.

+68% ⁴

Year on year growth in the U.S. in 2023, reaching an estimated \$130 billion.

>33% ⁴

CAIS-Mercer (2023) survey, reveal one-third of advisers currently allocate to Structured notes

¹. Stropo. For illustrative purposes only. This illustration does not take into consideration a client's specific investment objectives, risk tolerance, or financial situation.

². Structured Investments have complex features and may not be suitable for all investors. Investments made available on the Stropo platform are only available to wholesale, sophisticated or professional investors and their financial advisers.

³. Bloomberg, 2019 <https://www.bloomberg.com/professional/insights/markets/sure-time-to-grasp-the-potential-of-structured-products/>

⁴. Mercer & CAIS (2023). The State of Alternative Investments in Wealth Management.

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