THEIA INVESTMENTS
YOUR BESPOKE FAMILY OFFICE

The week in seven charts



Can Big Tech afford its AI ambitions?

Meanwhile, France's debt problem has no clear political owner, and Europe's housing markets are moving in different directions. Each week, the Syz investment team takes you through the last seven days in seven charts.

Chart #1

AI's debt bill is becoming a problem for tech stocks

Five-year credit default swap (CDS) spreads indicate how much investors pay to insure corporate debt against default. Their recent increase points to growing caution about the financing outlook for major AI companies.

Oracle's spread is approaching 300 basis points, implying an annual premium of approximately USD 300,000 to protect USD 10mn of debt. SpaceX and Broadcom have also recorded substantial increases.

The concern is whether future AI revenues can support the vast sums now being committed to semiconductors, data centres and energy infrastructure.

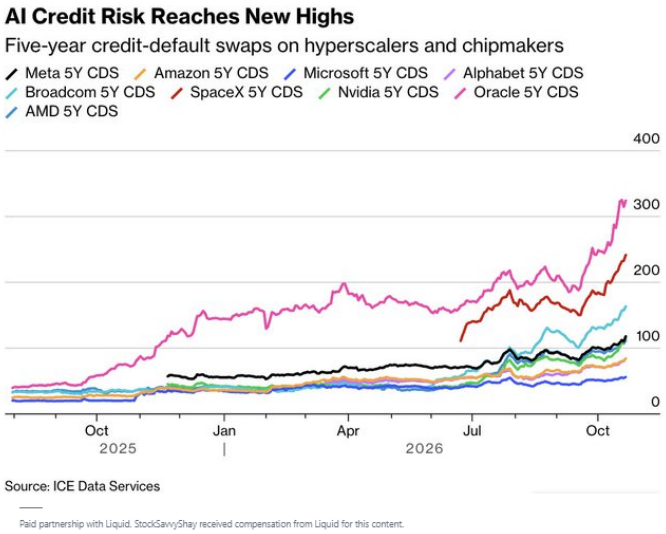
For equity markets, the implications run through three main channels:

- Financing: more expensive borrowing can weaken the expected returns on new investment.
- Valuations: elevated capital expenditure reduces available cash, and uncertainty over future profitability can weigh on earnings multiples.

Contagion: if cloud operators moderate their spending, orders for chipmakers and infrastructure providers may slow.

The heavy representation of AI-related companies in the Nasdaq means that changes in sentiment towards the sector can have an outsized effect on the index.

Wider CDS spreads suggest greater risk aversion but do not necessarily point to imminent defaults. They are also only one of several factors behind the recent weakness in technology shares.



Source: Bloomberg

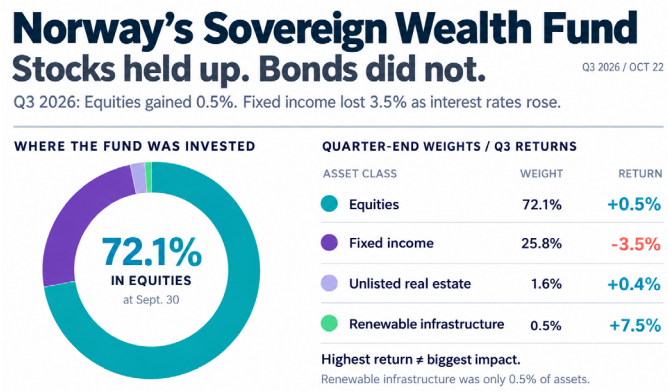
Chart #2

World's largest wealth fund posts $30bn loss after bond market turbulence

A positive contribution from equities was insufficient to offset weakness in bonds and the appreciation of the Norwegian krone. Norway's sovereign wealth fund ended Q3 with a loss of roughly USD 30bn.

The fund recorded a quarterly decline of NOK 278bn, with rising interest rates reducing the value of its fixed-income holdings.

For a portfolio worth about USD 2.3tn, the result illustrates the impact that interest-rate and currency movements can have, even on highly diversified institutional portfolios.



Source: AInvest Wire

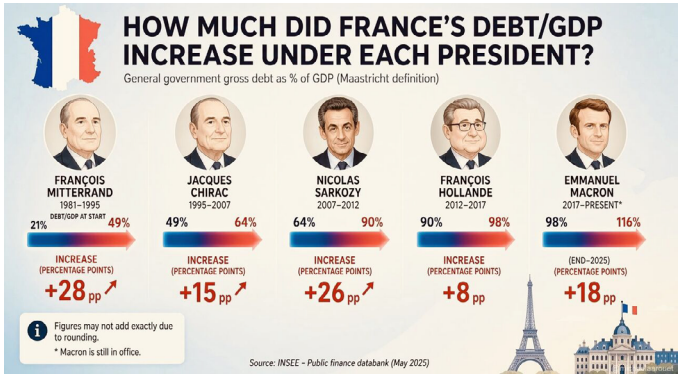
Chart #3

France's debt problem has no single political owner

Years of persistent budget imbalances have taken France's public debt close to 120% of GDP. Higher government bond yields increase debt-servicing costs. That adds pressure to fiscal deficits and, in turn, creates a need for further borrowing.

Subdued economic growth offers limited relief. Opposition to reform and recurring political instability also make a sustained fiscal adjustment difficult to deliver. The longer borrowing costs stay elevated, the more demanding the outlook becomes for France's public finances.

For European investors, the implications extend beyond France. A deterioration in confidence in French sovereign debt could also put pressure on the wider euro area.



Source: Michel A. Arouet, INSEE

Chart #4

France's fiscal problem is becoming a corporate earnings problem

Carrefour shares reportedly dropped by more than 13% on Wednesday after the retailer lowered its outlook. It warned that looting and disruption across its stores could reduce operating income by EUR 80–200mn.

The pressures facing businesses come against an already difficult fiscal backdrop:

- public debt stands near 119% of GDP
- the government deficit exceeds 5% of GDP
- public expenditure amounts to roughly 57% of GDP

Episodes of unrest can further weaken confidence, interrupt commercial activity and put tax receipts at risk.

The pressures can become self-reinforcing:

- repeated budget shortfalls increase financing requirements
- higher bond yields add to the interest bill
- slow economic growth makes the fiscal adjustment more difficult
- political opposition delays structural measures

A sovereign debt crisis is not a foregone conclusion. However, delaying fiscal decisions may make the eventual adjustment more costly. Given the scale of the French economy and its sovereign debt market, a severe fiscal shock would pose a much larger test for the euro area than the Greek crisis.

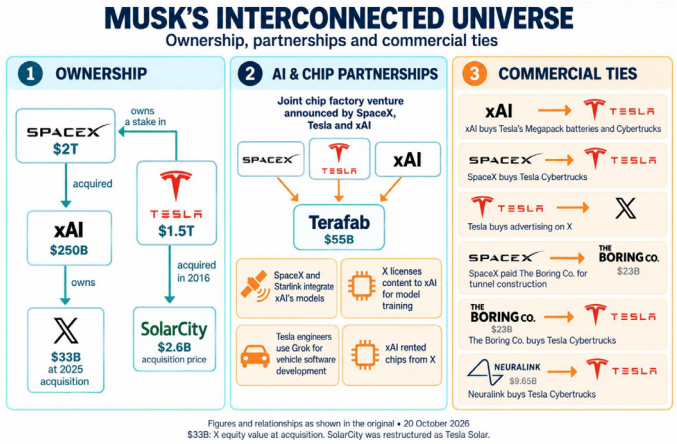


Source: Michel A. Arouet

Chart #5

The Musk universe

This diagram traces the ownership interests, AI and chip partnerships, and commercial arrangements linking Elon Musk's companies.



Source: Syz Bank

Chart #6

Europe's housing markets are moving in different directions

Residential property prices per square metre have followed very different paths across European cities over the five-year period shown in the chart.

- Luxembourg: −11%
- Paris: −4%
- London: −2%
- Vienna: −2%
- Montenegro coast: +79%
- Sofia: +64%
- Málaga: +59%
- Alicante: +48%
- Zagreb: +44%

Several established western European markets have seen limited price growth or outright declines. Gains have been much stronger in a number of comparatively affordable locations in southern and eastern Europe.



Source: Global Property Guide

Chart #7

CFA Level III pass rate stays below its ten-year average

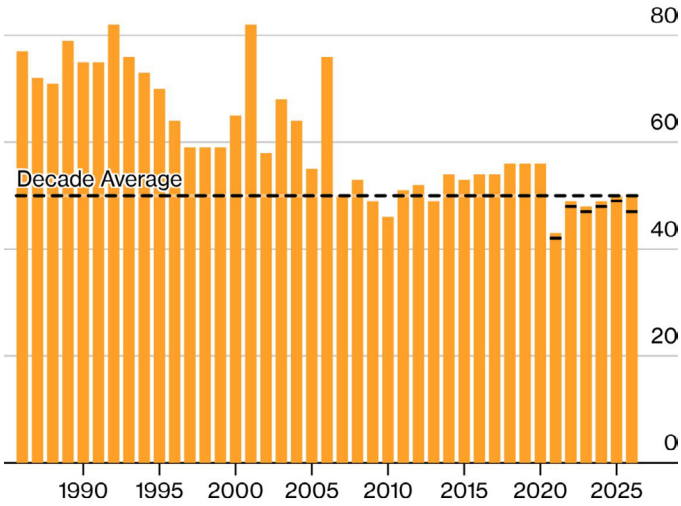
The pass rate for the August CFA Level III examination stood at 47%, according to CFA Institute data reported by Bloomberg.

That compares with 50% in both February and August 2025 and remains below the 50% average recorded over the previous decade. The pass rate has not surpassed that benchmark since 2020.

The figures also reveal a wide difference between candidates sitting the exam for the first time and those who had deferred it. First-time candidates achieved a 56% pass rate, compared with 31% among candidates with at least one deferral.

Pass Rate for Final CFA Exam Stays Below Decade Average

Level III success falls to 47% in August, lower than 50% average over 10 years



Note: 2020 Level III exam administered in December. In 2021, exam given three times. Prior to Covid-19, exam given in June only.

Source: CFA Institute

Source: Bloomberg

Disclaimer: This document is "powered by Syz" meaning that it has been prepared in collaboration with Bank Syz Ltd ("Syz") in Switzerland exclusively for Theia Investments Ltd. Theia Investments Ltd brought this document to you for information purposes only without intervention from Syz. Neither the information nor any opinion expressed herein may be deemed as an advertisement, an offer or an invitation to make an offer or a personalised recommendation, to buy or sell any financial instrument or any other investment or currency in any jurisdiction. This document is not directed to any person in any jurisdiction where, by reason of that person's nationality, residence or otherwise, its dissemination or use is prohibited. It cannot be quoted, reproduced, disclosed, distributed or otherwise referred to, in whole or in part, to any third party without Theia Investments Ltd's prior written consent. This document may contain information on past performances of financial products, all kinds of economic and financial valuations and analyses, as well as opinions of Syz, Theia Investments Ltd or of third parties. Any market valuations, terms and calculation methods, yields and opinions expressed are subject to change without notice. The information and opinions contained herein have been compiled and provided in good faith, based on information obtained from sources believed to be trustworthy. However, such information has not been independently verified. While it is believed to be correct at the time used and derived from reliable sources, no guarantee, representation, or warranty of any kind, whether express or implied, is provided by Syz, Theia Investments Ltd or by relevant data vendors and other sources with respect to the accuracy, reliability, currentness or exhaustiveness of the information communicated, the methodology employed or the prices contained herein. Past performance is not a reliable indicator of current or future results. Any reference to the past performance of an investment does not guarantee its future performance. Fluctuations in exchange rates may adversely affect the value, price or income of any investment. Investing in international markets may involve additional risks, such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. Investments in emerging markets are by their nature riskier and potentially more volatile than those inherent in established markets. Prospective investors should not construe the contents of this document as containing legal, tax, or financial advice. This information is purely objective since it does not take into consideration the personal situation (including financial knowledge and experience), the investment objectives and risk profile of any recipient. Moreover, certain financial instruments mentioned (in particular, but not exclusively, derivatives, options and futures) involve a high risk of loss and may not be suitable. Accordingly, prospective investors should consult their stockbroker, bank manager, lawyer, accountant or other professional advisor on such matters, including but not limited to the possible tax consequences of investing in any financial product mentioned herein, and make their own assessment of the suitability of any investment product described in this document and should understand that future expectations may not be realised. Should a recipient make an investment on the basis of the present communication, the recipient alone shall bear the consequences thereof. In no event shall Theia Investments Ltd or Syz, their directors, employees, affiliates or agents be held responsible for damages of any kind arising out of the use of all or part of the information provided herein.

POWERED BY Syz PRIVATE BANKING

THEIA INVESTMENTS
YOUR BESPOKE FAMILY OFFICE

Theia Investments Limited

#814, Liberty House, DIFC, PO Box 566720, Dubai, UAE

theiainvestments.com