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A New Species: The Fully Invested Bear

Investors are currently experiencing entirely new emotional states – alongside FOMO, a new sentiment has emerged: FOBI

A paradox is spreading across financial markets: investors who are fully invested yet cannot shake the feeling that everything is too expensive, too late, or too fragile. After FOMO – the Fear of Missing Out – a new sentiment has emerged: FOBI – the Fear of Being In.

Yet rising investor anxiety is often a positive sign. It is complacency, not caution, that has historically set the stage for market disappointment. The music is still playing – but is it time to edge closer to the exit? Let us take a look at this new species and explore an antidote to FOBI.

Gold Rush 2.0

Few assets are perceived as such reliable stores of value as gold. It functions as a politically neutral reserve currency and a barometer of trust – or more precisely: a barometer of mistrust.

Following Russia's invasion of Ukraine and the subsequent Western sanctions, central banks increased their gold holdings starting in 2022. Since the beginning of this year, however, central bank demand has flattened.

The drivers behind the spectacular rally that pushed gold to a high of USD 4,380 are being hotly debated globally, and the phenomenon has now firmly reached the broader public.

In the second half of 2025, private investors were



the primary force pushing prices exponentially higher. Concerns about soaring government debt, geopolitical tensions and shifting spheres of influence created the narrative for reallocations into the metal.

But were they really reallocating?

Real Gold Price*



Chart 1 - Source: Bloomberg, Alpine Macro | *US-CPI adjusted

Reallocating implies that investors choose the most attractive asset in a world of limited resources. Which asset class, then, was sold due to diminished appeal? Most asset classes continue to trade at elevated levels or at unusually tight risk premia.

What we observe instead is clear: FOMO continues to dominate investor behaviour. Few investors want to miss out by staying on the sidelines. The rally appears driven less by flight-to-safety flows and far more by abundant excess liquidity. Cash balances have fallen, investment quotas have risen. This is not what capital flight looks like.

Meanwhile, indicators – not least in the US money market – suggest that excess liquidity is rapidly draining from the system. Is demand running out of oxygen?

Chart 1 reflects what we consider a classic valuation overshoot associated with a speculative bubble. Gold today seems less like a safe-haven sanctuary and more like a speculative vehicle in its own right. And investors' FOBI is not entirely unfounded.

Government Debt: “All Good” – At These Yield Levels?

What a name for a piece of legislation: “The One Big Beautiful Bill Act” (OBBBA). When it comes from the Oval Office of President Donald Trump, everything is indeed “big & beautiful”.

However, the future interest burden of the United States will be big – and decidedly less beautiful.

According to the Congressional Budget Office (CBO), even before the OBBBA, annual federal interest expenses were projected to rise from 3.2% of GDP this year to 4.1% by 2035, assuming mildly declining market rates. Including OBBBA, that number increases to more than 6%. Interest payments are becoming the fastest-growing budget item in the US.

Europe is not much different. Political labels such as “relaxing the debt brake” or “NextGenerationEU” help create a comforting narrative for higher debt levels.

But even here, if a sense of FOBI sets in – there is good news:

Gross sovereign issuance alone tells us very little about the future path of nominal or real yields.

The German Bundesbank decomposes yield levels into several components (Chart 2), among which the term premium plays a central role. Over the past decade, the term premium of 10-year Treasuries and Bunds was mostly negative – a structural outcome of weak growth, subdued inflation expectations, and very loose ECB policy.

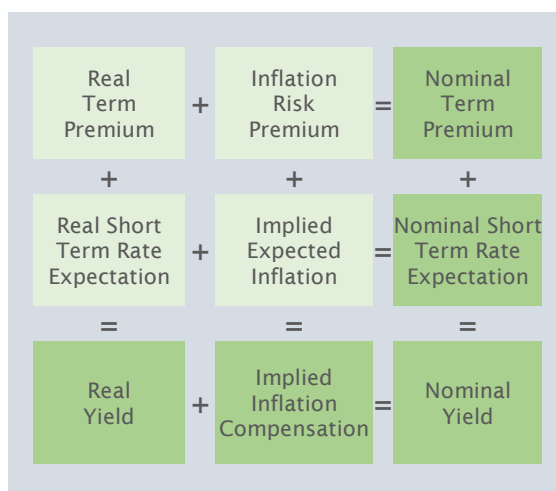


Chart 2 - Source: Monthly Report Deutschen Bundesbank, January 2023

A negative term premium reflects the value of long bonds as insurance when growth weakens, inflation falls, and monetary policy eases. In contrast, when inflation proves sticky and growth expectations firm, investors demand a yield premium – a positive term premium.

And that brings us to the present – and to the next FOBI.

Inflation is proving stubborn. Growth and investment prospects look decent thanks to large-scale fiscal programmes and soaring AI-related investments. The ECB appears to be nearing the end of its rate-cutting cycle.

All this supports a structural return of positive real and nominal term premia – to levels not seen in the past decade, given the fundamentally different political, geopolitical, and monetary backdrop.

Simply extrapolating the yield component aggregates of recent years would be careless. But is that not precisely what fuels FOMO?

The Anchoring Effect: Investors Caught Between FOMO and FOBI

The anchoring effect – a well-known concept in behavioural finance – describes how investors rely on reference points (prices, yields, model values, index levels) and evaluate everything relative to them.

What cost EUR 99 yesterday looks cheap at EUR 91 today – no matter what. But what if the anchor does not hold?

In navigation, crews keep anchor watch. In financial markets, scenario analysis plays that role – or, in crises, central banks step in. By then, however, a few ships have usually already sunk.

Our “fully invested bear” seems driven by FOMO but gripped by FOBI that the anchor might not hold.

Earnings Yield of the S&P 500 Index vs. Yield on 10-Year U.S. Treasury



Chart 3 - Source: Bloomberg

Will the yield curve steepen enough in an upward rate environment to generate sufficient carry and roll-down to offset mark-to-market losses?

Will investors be compensated with adequate risk premia (see Chart 3) for exchanging a secure cash flow for an uncertain one?

And does gold – at current valuations – truly provide a reliable refuge?

The Fed Keeps the Music Playing

With its current rate-cutting trajectory and the suspension of balance sheet run-off as of 1 December, the Fed is doing its part to keep the market dance floor lively.

But the best defence against the emotional grip of FOMO and FOBI is preparation. When valuation anchors fail, investors must know what to do.

We see little added value in complexity today and currently favour pure plays:

Clear, liquid, operationally simple strategies that remain manageable even in stress.

Simple does not mean simplistic; simple means clear, essential, and well understood.

Our eNOVA Active Core EUR Ultra Short Term fund is explicitly designed for stress scenarios: SIMPLE – SAFE – TRANSPARENT.

To ensure liquidity access independent of cut-off times and to provide investors with a reliable antidote in moments of FOMO-FOBI-induced panic, we are pleased to soon offer this strategy in ETF format as well.

Best regards,



(Wilhelm Wildschütz)

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