

Financial Markets Defy Geopolitics

Edition for Switzerland



Dr Anja Hochberg
Head of Multi-Asset
Solutions

Market Review

The financial market trends observed in the second quarter largely continued into the third. Global equity markets posted significant gains, led by emerging markets and the United States. This quarter, returns for Swiss franc investors were not eroded by the US dollar. In Switzerland and the US, government bond yields declined, while in the eurozone, yields rose amid ongoing fiscal policy debates. Gold

continued its impressive upward trajectory.

Positioning

Our overweight allocation to equities, with a focus on emerging markets, paid off visibly in the third quarter. The MSCI Emerging Markets Index is now approaching its 2021 highs. A weak US dollar, strong domestic economic activity, low inflation, and low interest rates are expected to continue supporting the market. Nevertheless, we have realised some of the accumulated gains and slightly trimmed our position. Part of the rally in emerging markets, particularly in Asia, has been driven by tech stocks. After declining in the first quarter, global tech stocks have also recovered and delivered impressive performance figures since then. We consider the revenue targets to be realistic and have increased our exposure to the Nasdaq in recent months.

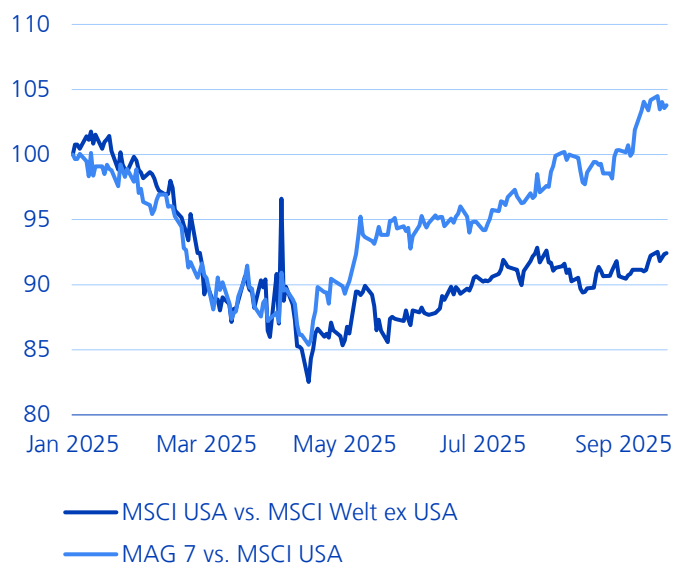
A strong earnings season (extending beyond the tech sector) has shaped the fundamental equity environment, despite weaker economic data and ongoing geopolitical tensions. The slight economic slowdown, reflected in a rise in US unemployment figures, has prompted the Federal Reserve to lower interest rates, given the currently balanced inflation environment. Further anticipated rate cuts are strengthening the favourable fundamental backdrop for equity markets.

Outlook

The positive momentum in equity markets continues. As our sentiment indicators do not yet signal excessive optimism, we are maintaining our overweight allocation to equities. We also remain overweight in gold and continue to favour insurance-linked investments and private equity in the alternative investment sector.

In the fixed-income segment, our focus remains on emerging markets and convertible bonds. Given persistently low interest rates, we remain cautious on CHF-denominated bonds and are adding AUD-denominated bonds due to their attractive currency and interest rate dynamics.

Tech on the rise again



Source: Indexed performance in USD, Bloomberg

Review of the Financial Markets

		30.09.2025	31.12.2024	Performance YtD in local currency	Performance YtD in CHF
Bond yields (%)	10-year Swiss Confederation bonds / Swiss Bond Index	0.22	0.33	0.6	0.6
	10-year German Federal Bonds / GER Govt Bond Index	2.71	2.37	-1.1	-1.6
	10-year US Treasuries / US Govt Bond Index	4.15	4.57	5.3	-7.6
Equity markets	Switzerland, SMI	12'109	11'601	4.4	4.4
	Europe, Euro Stoxx 50	5'530	4'896	12.9	12.3
	USA, S&P 500	6'688	5'882	13.7	-0.2
	Japan, Nikkei	44'933	39'895	12.6	5.2
	Emerging Markets, MSCI Emerging Markets	1'346	1'075	25.2	9.6
Currencies	EUR/CHF	0.935	0.940	-	-0.6
	USD/CHF	0.796	0.907	-	-12.2
	GBP/CHF	1.071	1.136	-	-5.7
	EUR/USD	1.173	1.035	-	13.3
Commodities/ precious metals (USD)	Crude oil, Brent	67.02	74.64	-10.2	-21.2
	Gold, Ounce	3'859	2'625	47.0	29.0

Source: Bloomberg, figures rounded: Performance of the bonds is based on indices

Want to know more? Further interesting articles on current topics as well as information on our extensive range can be found at:

Our expertise in the blog

Insights Blog Asset Management

Exciting specialist articles and information on the macro environment and investment strategy.



<https://swisscanto.com/ch/en/institutional/blog.html>

Our product update hub

Swisscanto Products

Here you will find everything you need to know about our funds.



<https://products.swisscanto.com/en>

Legal Notice

This publication was prepared by Zürcher Kantonalbank and is intended for distribution in Switzerland. It is not intended for people in other countries. Unless otherwise stated, the information refers to Zürcher Kantonalbank's asset management, which includes collective investment schemes under Swiss and/or Luxembourg and/or Irish law (hereinafter referred to as «Swisscanto Funds») and/or investment groups of Swisscanto Investment Foundations and/or asset management mandates of Zürcher Kantonalbank. This information is **for advertising and information purposes** only and does not constitute investment advice or an investment recommendation. This publication does not constitute a sales offer or an invitation or solicitation to subscribe to or to make an offer to buy any financial instruments, nor does it form the basis of any contract or obligation of any kind. The investment opinions and assessments of securities and/or issuers contained in this document have not been prepared in accordance with the rules on the independence of financial analysts and therefore constitute marketing communications (and not independent financial analysis). In particular, the employees responsible for such opinions and assessments are not necessarily subject to restrictions on trading in the relevant securities and may in principle conduct their own transactions or transactions for Zürcher Kantonalbank in these securities. The sole binding basis for the acquisition of Swisscanto Funds is the respective published documents (fund agreements, contractual conditions, prospectuses and key investor information, as well as annual reports). These can be obtained free of charge from products.swisscanto.com/ or in paper form from Swisscanto Fund Management Company Ltd., Bahnhofstrasse 9, CH-8001 Zurich, which is the representative for Luxembourg funds, and at all branch offices of Zürcher Kantonalbank, Zurich. Carne Global Fund Managers (Schweiz) AG is the representative for funds domiciled in Ireland. Zürcher Kantonalbank is the paying agent for the Irish Swisscanto funds in Switzerland and Luxembourg funds. The sole binding basis for investments in investment groups of the Swisscanto Investment Foundations is the statutes, regulations, investment guidelines and any prospectuses of the Swisscanto Investment Foundation or Swisscanto Investment Foundation Avant. These can be obtained from the Swisscanto Investment Foundations, Bahnhofstrasse 9, 8001 Zurich.

The information contained in this document has been prepared with customary diligence. However, no guarantee can be provided as to the accuracy and completeness of the information. The information contained in this publication is subject to change at any time. No liability is accepted for the consequences of investments based on this document. Every investment involves risks, especially with regard to fluctuations in value and return. With regard to any information on sustainability, it should be noted that there is no generally accepted framework and no generally valid list of factors in Switzerland that need to be taken into account to ensure the sustainability of investments. For Irish and Luxembourg Swisscanto funds, information on sustainability-related aspects in accordance with the Disclosure Regulation (EU) 2019/2088 is available at products.swisscanto.com/.

The products and services described in this publication are not available to US persons in accordance with the applicable regulations. This publication and the information contained in it must not be distributed and/or redistributed to, used or relied upon by, any person (whether individual or entity) who may be a US person under Regulation S of the US Securities Act of 1933. US persons include any US resident; any corporation, company, partnership or other entity organised under any law of the United States; and other categories set out in Regulation S.

© 2025 Zürcher Kantonalbank. All rights reserved.