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.

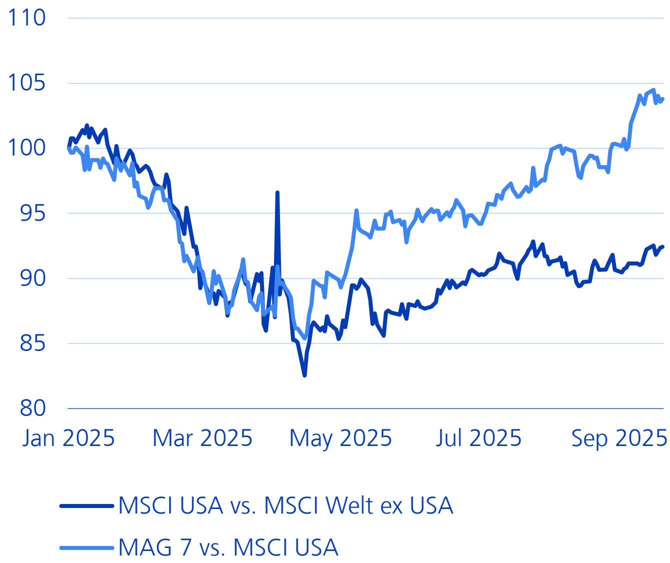
A strong earnings season (extending beyond the tech sector) has shaped the fundamental equity environment, despite weaker economic data and ongoing geopolitical tensions. The slight economic slowdown, reflected in a rise in US unemployment figures, has prompted the Federal Reserve to lower interest rates, 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/intstitutional/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