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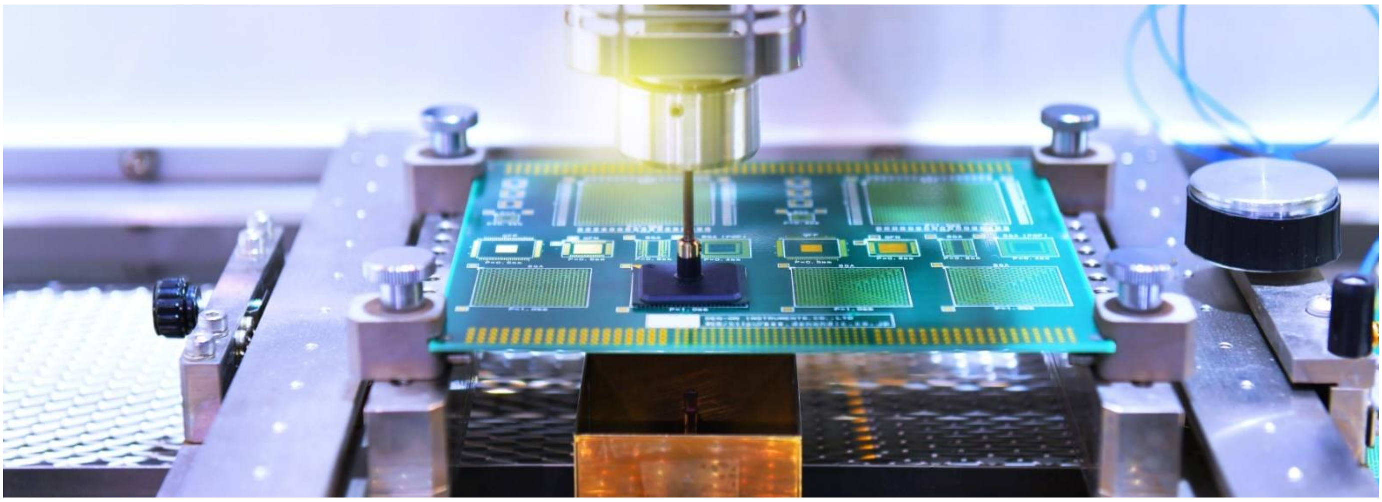
BELVÉDÈRE
Asset Management

Market Insights



Rebound of the Asian economy

Asia has re-emerged as the key growth engine of the global economy. Today, more than half of worldwide growth originates from this continent – and the trend is still rising. Anyone seeking to understand the dynamics of world markets cannot ignore Asia. In the chaotic environment caused in part by U.S. President Trump's erratic trade policies, Asia's economic resurgence failed to attract the attention it deserved. Yet this development goes far beyond China. India, South Korea, and the emerging economies of Southeast Asia are playing equally decisive roles. Japan, in contrast, we deliberately leave aside in this analysis.

While many product ideas are born in the U.S. or Europe, their execution and industrial realization take place in Asia. Whether smartphones, solar panels, or batteries, without Asia's production capacity and its ability to scale innovations efficiently into mass markets, much of what we take for granted today would be unthinkable. Countries like South Korea and Taiwan have long passed their role of manufacturing hubs. They are now centres of advanced expertise, setting global standards with their own research priorities.

Asia also plays a strategic role in commodities. China dominates the processing of rare earths, which are essential for batteries, wind turbines, and electronics. At the same time, macroeconomic factors provide tailwinds: a weaker U.S. dollar makes it easier for Asian exporters to access global markets. Conversely, Western economies benefit from lower import costs, which in turn exert downward pressure on inflation.

In parallel, Asia is evolving into a hub for digital innovation. While Europe is still debating regulatory frameworks, countries such as China, South Korea, and India are already launching market-ready solutions. The most recent breakthroughs in artificial intelligence – think of DeepSeek – illustrate that Asia is no longer just a production base but increasingly a pacesetter for new technologies. With super apps, semiconductor innovation, and robotics, the region is carving out its own path far beyond imitation.

Giorgio Saraco

Partner,
Head Asset Management

Opportunities for Swiss quality products

For Switzerland, Asia is a crucial partner. Today, roughly one fifth of Swiss exports are destined for the region, ranging from precision instruments and watches to pharmaceutical products. Conversely, Swiss companies rely on essential preliminary goods from Asia, particularly in electronics and medical technology. This close interdependence creates opportunities, but also dependencies.

The rapidly expanding middle class in India and Southeast Asia opens promising new markets for Swiss premium goods. In the past decade, Switzerland's share of exports to Asia has risen from about 15% to more than 19% – clear evidence of the region's growing importance. Long regarded as a copycat, Asia now presents its own innovations: China is leading in electric vehicles, South Korea in battery technologies, and India in digital platforms.

The direction is unmistakable: anyone who aims to remain competitive on a global scale must view Asia not just as a production site, but as a driver of innovation and a partner on equal footing.

Conclusion: Asia is not a distant sales market, but an integral part of global value creation. For both investors and companies, it is more worthwhile than ever to look east – not only to seize opportunities, but also to keep a finger on the pulse of the world's economic future.

BELVÉDÈRE INSIDE

Why a 360° view of your assets is key

Thomas Fischli,
Executive Partner

The current financial landscape is marked by geopolitical tensions, rising public debt and uncertainty surrounding interest rates. As a result, traditional investment strategies are increasingly being challenged. Not only has market volatility grown, but so too has the demand for maintaining a clear overview across all asset classes. Many investors are therefore asking themselves whether their wealth is structured in a future-proof way.

Stability in turbulent times

In periods like this, a comprehensive and strategic view of one's assets becomes important. Not only to mitigate risks but also to seize opportunities in a targeted manner.

Belvédère 360° provides a holistic approach to wealth management. At its core lie a strong client orientation, reliability, and a sense of responsibility for the far-reaching impact of financial decisions.

Our offering goes far beyond traditional portfolios. It includes real estate, pension solutions, private equity holdings, foundations, and art. In doing so, we create clarity across all asset categories, including those with high emotional value.

The result is a transparent and forward-looking wealth architecture. For you, this means more security, reduced complexity and an optimised view of your assets.

Thanks to consolidated reports, you get a clear perspective, particularly in the context of complex family or business structures.

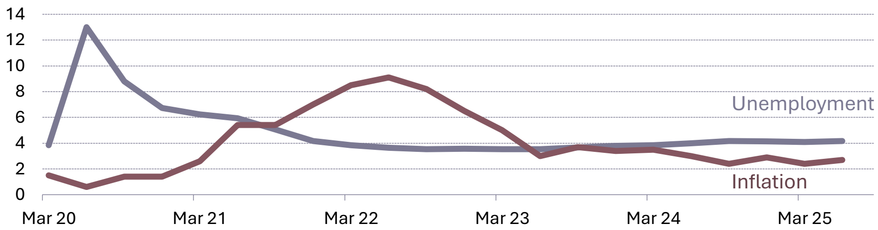
This framework is complemented by bespoke investment principles and a family charter, securing strategic goals and your family values across generations.

You gain time and optimise costs, as we coordinate the collaboration with over 25 partner banks and a broad network of specialists. You benefit from our discretion, foresight and experience in supporting the long-term structuring and protection of family assets. This allows you to look to the future with great confidence.

ECONOMY

Cooling labour market and persistent inflation

US inflation remains persistent around 3%



Source: Bloomberg, BAM

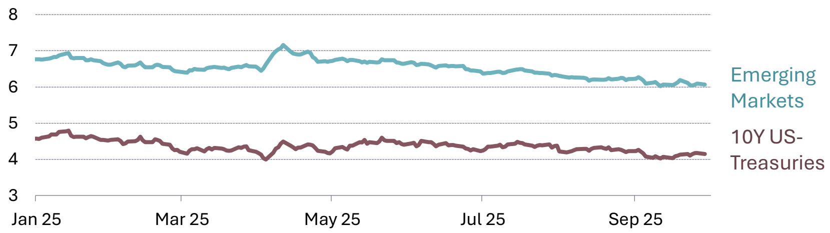
The global economy presented an increasingly mixed picture in the third quarter. Asian markets appear to have regained momentum, as solid growth figures from China and India suggest, helped in part by the weaker dollar.

In the U.S., however, the labour market is clearly losing steam. Hiring activity has slowed, and data revisions have softened what previously looked like stable numbers. As a result, wage pressures are easing, yet inflation remains stubbornly high. Current rates stand at around 2.9% in the U.S., 2.0% in the Eurozone, and in Switzerland close to zero. Housing costs and services continue to act as the most persistent drivers. This leaves central banks with a delicate balancing act. Interest rates cannot be cut aggressively while prices fail to show a clearer decline.

At the same time, pressure is mounting to support growth. Despite these tensions, many companies still display remarkable resilience, supported by robust business models and solid consumer demand. The slowdown is visible, but the situation does not yet point to an acute recession. Nevertheless, risks remain. High import costs, fragile supply chains, rising interest rates, and ongoing trade policy uncertainties, especially regarding potential tariffs and the tensions between the U.S. and China, are weighing on the outlook. Wage developments could also reignite inflationary pressures.

For Switzerland, the environment is particularly challenging. On the one hand, the stalled U.S. trade deal is adding pressure on export industries that depend heavily on global markets. On the other, the strong Swiss franc reduces competitiveness for domestic producers, even though it continues to provide stability.

Emerging Markets: risk premium remains attractive



Source: Bloomberg, BAM

INTEREST RATES

The turning point has begun – but not without risks.

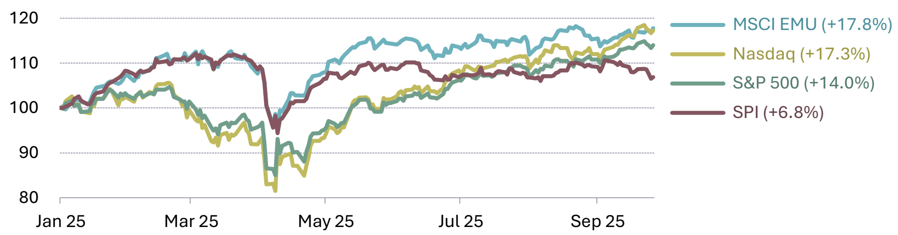
The interest rate landscape is shifting. In mid-September, the U.S. Federal Reserve delivered its first cut of the current cycle, a move long awaited by the markets. Two further rate reductions are expected before year-end. While the Fed is signalling relief for both the economy and credit markets, high levels of government debt remain a structural challenge. Yields on ten-year U.S. Treasuries remain elevated, as investors demand risk premiums, further limiting fiscal flexibility.

The European Central Bank, meanwhile, is in a “wait-and-see”-mode. After recent moves, uncertainty over wages, energy prices, and slowing growth is too high for a clear policy direction.

In Switzerland, the question is how long the National Bank will continue to resist negative rates. Should the Swiss franc come under renewed pressure, currency interventions may return to the agenda, although with caution, avoiding negative effects on the already delicate trade negotiations with the US government.

Attention also turns to emerging markets. Many of these economies offered higher real interest rates from the start and now have inflation better under control. In an environment where the U.S. long-term yields remain high while the Fed eases short-term pressure, these markets may become increasingly attractive, both for capital inflows and for currency stability.

Many markets reached new highs



Source: Bloomberg, BAM

EQUITIES

New record highs: driven by tech, supported by falling rates

As summer draws to a close, global equity markets have shown remarkable strength in the third quarter. Numerous indices have reached fresh highs, fuelled primarily by technology stocks. Everything linked to artificial intelligence, cloud computing, or data infrastructure continues to enjoy robust demand.

So far, the main beneficiaries have been the large tech giants, while producers of specialized machinery, infrastructure components, and semiconductors have lagged. Yet this segment could offer catch-up potential once new investments in production capacity gather momentum. Corporate earnings have so far remained solid. Many companies have been able to defend their margins and even surprise with stable to slightly rising results. This earnings momentum is a key driver of the markets, partially offsetting stretched valuations. Still, the room for further upside is narrowing. Valuations are demanding, and any disappointment could trigger corrections.

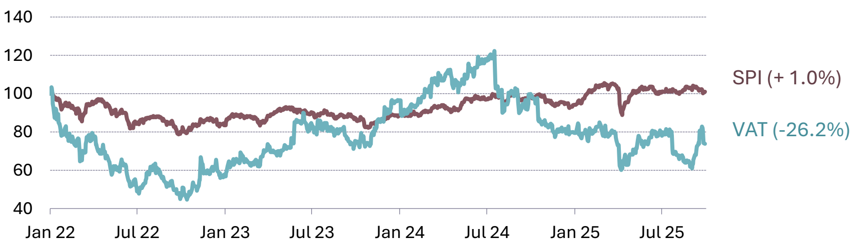
Falling interest rates provide additional support. The Fed's first rate cut of the current cycle and expectations of further steps ahead are easing financing costs and enhancing the relative appeal of equities over bonds. This continues to bolster stock markets.

Looking ahead, demand in the technology sector is likely to remain strong. Growth areas such as cloud and AI still demand massive investments. At the same time, the need for diversification and sustainable profit sources is rising. Overall sentiment remains constructive, but selective positioning is becoming increasingly important.

VAT Group

A dominant market position creates potential

VAT Group 2025: Potential for recovery



Source: Bloomberg, BAM

Over the past years, VAT Group has established itself as an indispensable partner of the global semiconductor industry. The company from the St. Gallen Rhine Valley is the world market leader in vacuum valves, essential for the production of cutting-edge chips.

With a market share of around 70%, VAT enjoys a dominant position thanks to its technological edge, deep integration into customer processes, and an international presence that possibly secures a leading role for the long term.

CEO Urs Gantner is pursuing continuity: the strategy remains firmly focused on the core business, while capacity expansion continues. The service segment is gaining importance, and investments in research are securing the company's technological lead.

Current demand is fuelled above all by the AI boom and the construction of large data centres. At the same time, cyclical slowdowns in the memory segment and currency effects are weighing on short-term developments. Still, the structural drivers – rising process complexity and the growing importance of cleanroom technology – clearly point toward further growth.

For investors, VAT Group remains attractive despite the recent rally, which was amplified by Nvidia's multi-billion investment in Intel. Even with much of the momentum already priced in, the company continues to stand out as a quality stock: solidly positioned, shareholder-friendly, and with robust prospects in a market set to expand significantly by the end of the decade.

ASSET ALLOCATION

Tactical adjustments: Focus on emerging markets debt

The tactical adjustments concern the slightly reduced underweight in liquidity and fixed income. The cut in global government bonds (mainly U.S. Treasuries) is more than offset by a further increase in emerging markets debt. We remain cautious in CHF and EUR, as we see little upside. Overall, we are now back in a neutral position.

In equities, we maintain the existing allocation. Swiss stocks remain over-weight for the time being, as we expect a trade agreement with the U.S. soon. In Europe, we anticipate that large-caps will begin to catch up. Swiss real estate continues to benefit from low interest rates and the abolition of the imputed rental value tax.

Asset classes	Current position				
	- -	-	0	+	+ +
Liquidity		■			
Bonds			■		
Government Bonds			■		
Investment Grade			■		
Equities				■	
Switzerland				■	
Europe			■		
UK			■		
USA			■		
Japan			■		
Emerging Markets			■		
Alternative investments				■	
Gold			■		
Real Estate Switzerland				■	

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