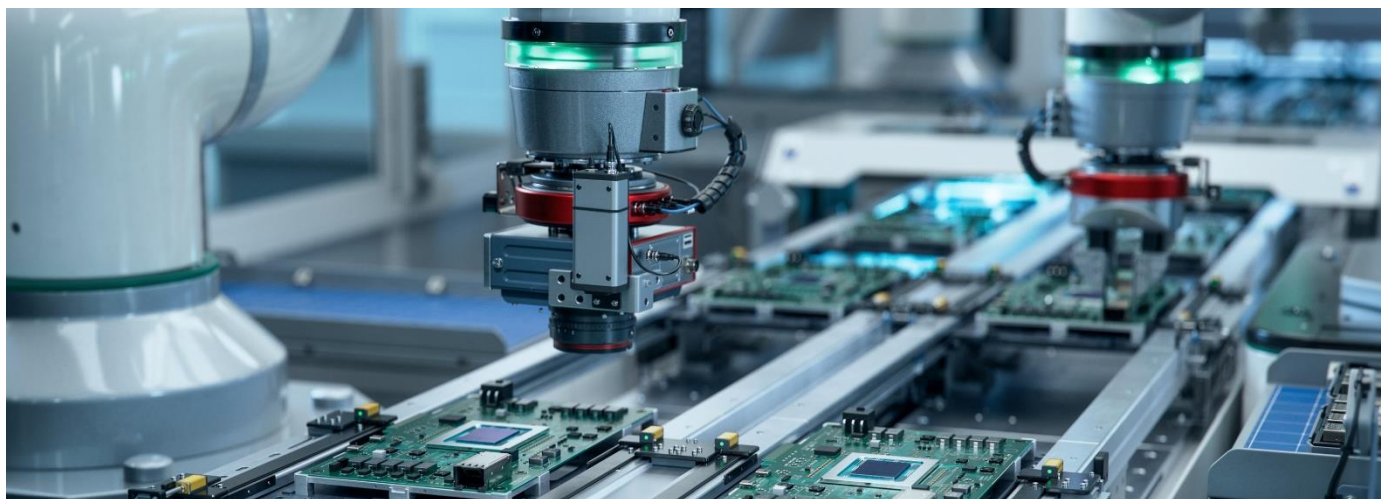




Market Insights



The New Industrialisation

Major economic transformations rarely begin with a dramatic event. More often, they emerge gradually before fundamentally reshaping industries and societies. Much suggests that we are currently experiencing such a transition.

Digital transformation, and artificial intelligence (AI) in particular, has triggered a new phase of industrialisation. AI is often associated with today's technological leaders: semiconductors, data centres and software platforms. Yet, industrial revolutions are not defined solely by technological innovation, but by the economic transformation they ultimately enable.

History provides a useful perspective. During the Industrial Revolution of the 19th century, engineers and machinery manufacturers initially took a leading role. Their inventions enabled entirely new forms of production. However, the true economic significance only became apparent later, when these technologies were widely adopted across factories and offices, fundamentally reshaping entire value chains.

We are witnessing a similar development today. The engineers of our time are creating large language models, algorithms and digital tools that unlock entirely new opportunities. Businesses must now learn how to integrate these technologies effectively into their processes, products and services. Human expertise will remain essential during this new phase of industrialisation, but the emphasis is shifting from developing the tools to applying them as expert users, decision-makers and innovators.

At the same time, the AI economy is still in its pioneering stage. Around the world, companies are experimenting, investing heavily and testing a wide range of new applications. Few companies today can afford to operate without an AI strategy. Yet the experimentation phase is increasingly giving way to practical validation.

BELVÉDÈRE INSIDE

From an investment proposal
to a holistic Family Office solution

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Global growth is losing
momentum, not stability

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Under close scrutiny

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to results

ASSET ALLOCATION

Positioning reaffirmed



Giorgio Saraco

Executive Partner,
Head Asset Management

The key question is no longer what artificial intelligence might theoretically achieve, but where it can demonstrably increase productivity, reduce costs and unlock new business potential. This shifts the investment focus from the availability of the technology itself to the ability of companies to embed AI into workflows, improve margins and scale their business models.

Switzerland is particularly well positioned to benefit from this trend. With its strong industrial base, leading pharmaceutical companies, highly specialised service providers and world-class research institutions, the country is exceptionally well equipped to translate new technologies into tangible economic value and lasting competitive advantages.

Conclusion: The AI revolution marks the beginning of a new era of industrialisation. After years of development and enthusiasm, the focus is now shifting towards practical implementation and measurable results. The greatest winners over the coming years are therefore unlikely to be only those developing artificial intelligence, but above all rather those applying it most effectively to become more productive, innovative and competitive.



INSIDE

Belvédère 360°: From an investment proposal to a holistic Family Office solution

From Alessandro Bianchi and Fabian Schulze,
Partner and Senior Client Advisors at Belvédère in Zurich

Comprehensive wealth management rarely begins with a broad advisory mandate. More often, it starts with a straightforward request for an investment proposal. That was precisely how this client relationship began.

Initially, the client intended to appoint us with a discretionary mandate and requested recommendations. Since his assets were spread across several institutions, we began with a structured analysis, rather than preparing a proposal immediately. While each bank managed its own portfolio efficiently, no one was overseeing the client's wealth as a whole. A significant portion of it was held as idle cash, without an overarching strategy and with limited transparency.

Following the consolidation of all assets, we identified the client's needs, long-term objectives and

actual liquidity requirements. Every part of the wealth was then assigned a clearly defined purpose: liquidity for ongoing obligations, a globally diversified core portfolio for long-term capital preservation, dedicated satellite investments for additional growth, and a specifically defined allocation for the client's own short-term market ideas.

As the client approached retirement, the scope of the discussions naturally expanded. Residence planning, taxation, property ownership and succession planning all required careful consideration.

Together, we developed a Family Charter that articulated the shared values, established clear investment guidelines, and defined governance and monitoring mechanisms. During implementation, existing banking

relationships were reviewed objectively, optimised where appropriate and integrated into a single coordinated structure.

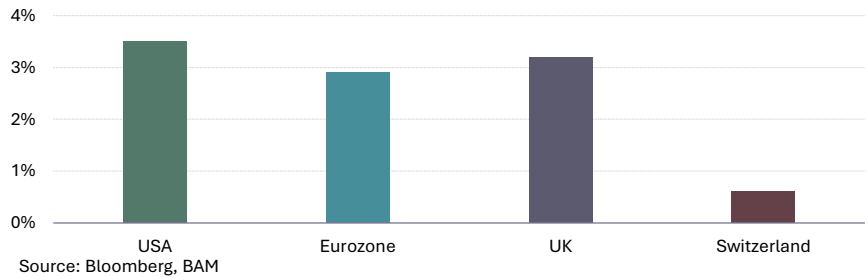
Our individually tailored cross-bank 360°-Reporting provides a consolidated overview of assets, liquidity, risks and costs at a glance, serving as an effective tool for the holistic oversight of the family's wealth.

The greatest value of Belvédère 360°, however, lies not in any individual service, but in the way these services are integrated into a structured wealth architecture. This framework creates transparency, monitors risks and supports the preservation and stewardship of wealth across generations. What began as a single investment portfolio ultimately evolved into a long-term partnership with the entire family.

ECONOMY

Global growth is losing momentum, not stability

Inflation: Expectations 2026



The global economy has remained remarkably resilient in the second quarter of 2026. Although the conflict in the Middle East and the temporary disruption of shipping through the Strait of Hormuz have driven energy prices higher and renewed inflationary pressures, the widely feared global recession has so far been avoided.

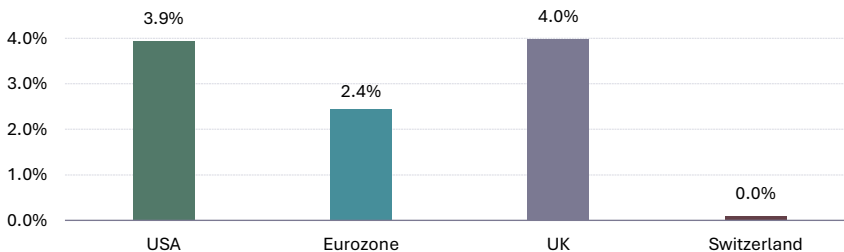
Regional differences remain evident. The United States continues to benefit from its relatively low energy dependence, alongside strong investment in technology and artificial

intelligence. Europe, by contrast, is more exposed to higher energy costs and softer demand. Switzerland continues to perform favourably in international comparison. The economy's low energy intensity, high share of renewable energy and resilient domestic demand provide an effective buffer against global headwinds.

Resilience should therefore not be confused with acceleration: the global economy is still expanding, but the margin for external shocks has become narrower.

Economic conditions have become more challenging since the beginning of the year, but this has not resulted in a pronounced period of weakness. The key questions for the second half of the year are how quickly energy markets normalise and whether the current momentum in artificial intelligence investment can be sustained. We are optimistic on both fronts.

Expectations 2026



INTEREST RATES

Under close scrutiny

Hopes for a rapid return to lower interest rates have not materialised so far this year. Higher energy prices and a renewed increase in inflation have prompted central banks to adopt a more cautious stance.

Attention is focused particularly on the United States. Kevin Warsh has assumed the role of Chairman of the Federal Reserve. Inflation remains above target while economic growth continues to prove resilient, creating an increasingly uneven monetary po-

licy picture. While Europe and Japan have raised interest rates, the United States, the United Kingdom and Switzerland remain in a wait-and-see mode for the time being.

Long-term interest rates also continue to attract attention. Despite largely unchanged policy rates, yields on long-dated government bonds remain elevated. Investors increasingly demand higher risk premia to compensate for committing capital over longer time horizons. At the long

end of the curve, investors are no longer pricing only central bank policy, but also inflation risk, fiscal concerns and the compensation required for longer capital commitments.

For investors, this creates a differentiated environment. Short and medium maturities remain attractive. Overall, there are good reasons to expect interest rate markets to remain relatively stable for now, albeit at higher levels than markets anticipated at the start of the year.

Equities still going strong



EQUITIES

From expectations to results

Markets have absorbed the geopolitical tensions of recent months remarkably well. Despite higher energy prices, rising inflation and increased uncertainty, many equity indices continue to trade close to their record highs. The primary driver remains the resilience of corporate earnings.

This is particularly evident in the United States, where substantial investment in artificial intelligence and digitalisation is increasingly translating into tangible business results. Whereas markets in recent years were

largely driven by expectations, investors are now focusing on measurable business performance. This makes earnings quality, pricing power and capital discipline more important than thematic exposure alone.

Although large tech companies continue to lead the market, attractive opportunities are increasingly emerging beyond the established winners. Investors are once again placing greater emphasis on valuations, cash flow generation and the quality of business models.

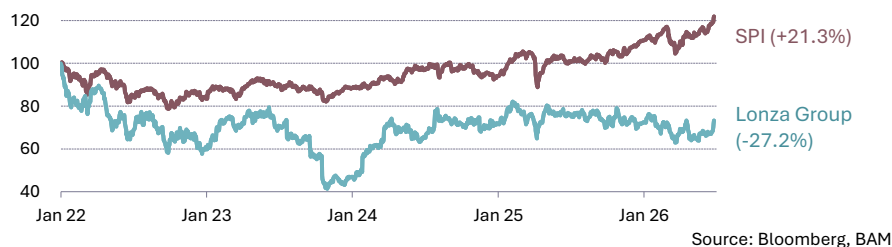
We continue to view Swiss equities constructively. Many companies benefit from strong market positions, solid balance sheets and globally diversified revenue streams.

The current environment therefore favours careful stock selection rather than broad market exposure. Particularly attractive are companies that are able to build competitive advantages through the rapid adoption of AI capabilities.

LONZA

Investment case reaffirmed

Catching up



Lonza, one of the world's leading contract development and manufacturing organisation (CDMO) for pharmaceutical and biotechnology companies, reported robust business performance in the first quarter of 2026 across all divisions.

Management reaffirmed its full-year targets: 11–12% sales growth (at constant exchange rates), alongside improved profitability. The first half of the year is expected to be significantly stronger than the second, partly because the manufacturing facility in Vacaville/USA will undergo modernisation work during the second half of

the year, resulting in temporary production downtime. The sector had recently been affected by concerns that pharmaceutical clients might cancel previously reserved manufacturing capacity. Lonza has effectively addressed these concerns. No material order cancellations have been recorded for 2026. Demand remains strong, while long-term contracts continue to provide a high degree of utilisation across its production network.

Following the sale of its Capsules & Health Ingredients division, Lonza will become fully focused on its high-

margin core CDMO-business, providing contract development and manufacturing services for pharmaceutical products. CHF 500 million of the transaction proceeds will be returned directly to shareholders through share buybacks.

Despite these positive developments, the share price has only recently started to pick up. For long-term investors seeking exposure to the structurally growing pharmaceutical market, current valuation levels present an attractive entry opportunity.

ASSET ALLOCATION

Positioning reaffirmed

Despite ongoing geopolitical tensions, we maintain our positioning and remain constructive on risk assets. Following the strong performance of our energy exposure, we realised gains and reinvested the proceeds in the Digital Security theme. This was not a reduction of risk appetite, but a disciplined reallocation after strong performance. Overall, our portfolios remain broadly diversified and well balanced. Especially in a challenging environment, we believe the greatest value lies in the disciplined implementation of long-term convictions, rather than in short-term tactical shifts.

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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