

# Market Insights



## Review and Outlook

The investment year 2025 has impressively confirmed how resilient the economy and the financial markets can be, even in a challenging environment. Trade tensions in the wake of Trump's agenda caused uncertainty at times, but without leaving any lasting marks. At the same time, market activity was characterised by a significantly weaker US dollar, a surprisingly strong Swiss franc and the rapid return to a near zero interest rate environment in Switzerland. Despite these challenges, the equity markets performed very well, driven in particular by technology stocks. Gold was one of the best performers of the year, confirming its role as an important source of stability and diversification in portfolios.

The outlook is characterised by a cautious but clearly constructive mood. We expect interest rates to ease globally, which will improve financing conditions and support both capital expenditure and the pricing of riskier assets. It remains to be seen whether and how consistently the new Fed chair will pursue the cycle of interest rate cuts. At the same time, investors are demanding higher risk premiums at the long end, which argues for a steeper yield curve. In this environment, gold remains well supported, particularly as a hedge against geopolitical and fiscal uncertainties.

**„Success in financial markets is rarely the result of certainty, but rather of conviction and discipline.“**

Despite higher valuations, the overall environment for equities remains favourable, even though demand for earnings growth and stock selection has risen significantly. Expectations for large technology companies are high, but there is a good chance that they will be met. The recurring discussion about a possible bubble (especially in AI stocks) seems to have been put on hold for the time being, as long as earnings growth and investments support valuations. In addition, there are signs of a gradual improvement in relations between China and the US, which is improving global supply chains and investments.

### BELVÉDÈRE INSIDE

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Thinking more differentiated about growth

### ECONOMY

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Stable foundations provide support

### INTEREST RATES

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Selective use of bonds

### EQUITIES

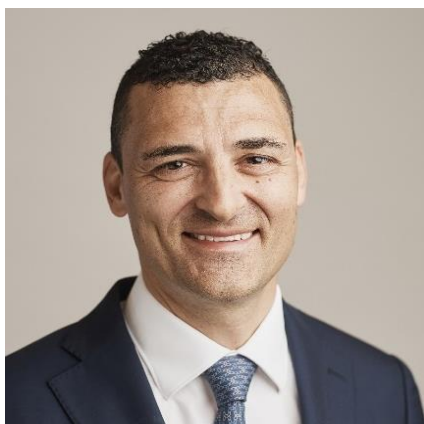
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Quality remains crucial

### ASSET ALLOCATION

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Bonds reduced, emerging market equities and gold increased



**Giorgio Saraco**

Partner,  
Head Asset Management



Swiss equities benefit from their defensive sector mix, solid balance sheets and high international earnings diversification. They therefore remain a stabilising component of broadly diversified portfolios. Emerging markets also appear attractive in this environment: lower interest rates, a weaker US dollar and rising demand point to a constructive environment, even if the differences between individual countries and regions remain significant. The Swiss franc is likely to remain strong, particularly against the US dollar, and continue to play a central role in the portfolio context.

Last but not least, there are justified hopes for an end to the war between Russia and Ukraine. Such a scenario could pave the way for extensive investment programmes in Europe and trigger a new spirit of optimism. Especially in this tense environment of uncertainty and opportunity, it remains crucial to structure portfolios carefully, remain flexible and actively exploit opportunities.

## BELVÉDÈRE INSIDE

Thinking more differentiated  
about growth

Cédric Mattmann,  
Fund Manager, Belvédère Asia Pacific +



After years of intense concentration on global equity markets, diversification and a differentiated view of individual regions are regaining importance. While the outlook for emerging markets is brightening, volatility in certain countries and sectors remains high. At the same time, selected developed markets with stable economic structures and proximity to raw materials are regaining importance. This environment calls for approaches that tap into growth in a targeted manner without losing sight of the stability of the overall portfolio.

This is precisely where the Belvédère Fund Asia Pacific + comes into play.

It pursues an expanded regional approach by combining traditional emerging markets with selected developed markets. Countries such as Canada, Australia and Singapore are usually underrepresented in many portfolios, even though they have stable economies, deep capital markets and close ties to global growth and commodity cycles. The combination creates an attractive building block that exploits growth opportunities while also having a stabilising effect.

The strategy is implemented using a balanced mix of active and passive instruments. Local expertise plays a key role, particularly in less efficient

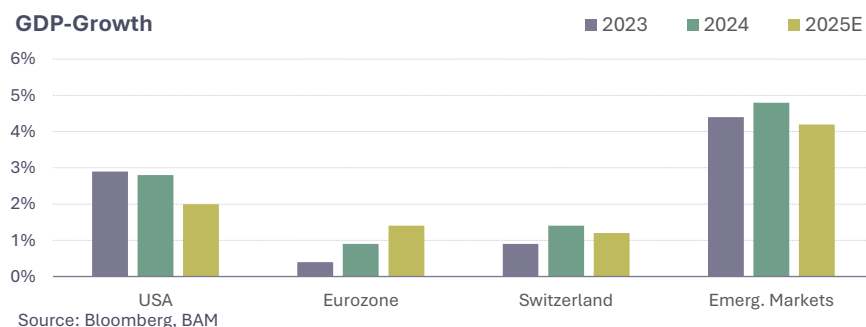
markets, while more cost-optimised solutions are used where broad and liquid market segments facilitate access. This approach allows for differentiated selection and closes a strategic gap that is often overlooked in traditional equity allocations in emerging market.

The Belvédère Fund Asia Pacific + is aimed at investors who do not wish to view emerging markets in isolation, but rather as part of a broadly based, regional concept with the aim of combining growth and stability in a meaningful way. And as a key benefit, it offers this broad exposure with only one product instead of several funds.

## ECONOMY

Stable foundations provide support

### GDP-Growth



The global economy is proving resilience at the end of the year and is moving towards a more sustainable growth path. Although momentum has slowed following the exceptional impetus of recent years, the overall economic environment remains constructive.

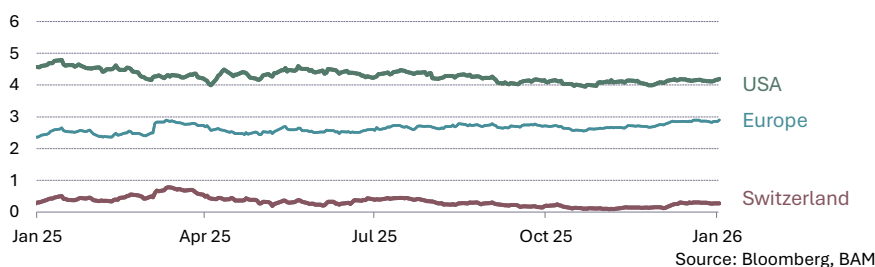
In the US, a continued solid labour market is supporting consumption, while investments, particularly in technology, infrastructure, and energy, are providing additional support. Europe is gaining momentum thanks to fiscal programmes, again in infrastructure, energy and defence, even if the economic recovery is proceeding at a different pace across

the region. Asia confirmed its continued strong growth, as in previous years driven by China, India and robust domestic demand in several emerging markets. Inflation is declining globally and gradually approaching the target values set by central banks. At the same time, it remains elevated in certain areas, particularly services. Central banks are therefore acting cautiously and avoiding abrupt changes in direction. Overall, an environment of falling interest rates is emerging, which supports economic activity and improves planning security for companies regarding investments and business development.

The pace of economic growth in Switzerland has slowed noticeably, particularly in the export-oriented industrial sector. At the same time, the economy is proving to be remarkably resilient.

The labour market remains stable, the domestic economy solid, and the ongoing near zero interest rate environment increases the attractiveness of equities and real estate. Supported by a high degree of diversification, strong innovative power and solid public finances, Switzerland is maintaining its position as a stable and reliable business location even in a more challenging global environment.

### 10-year interest rates: Swiss government bonds near zero



## INTEREST RATES

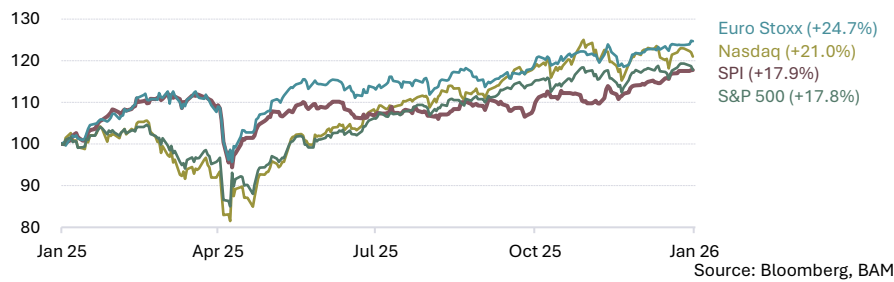
Selective use of bonds

The environment for bonds has stabilised but remains clearly differentiated. Following a phase of sharply rising interest rates, volatility has decreased significantly, with global interest rates falling for the most part, while yield curves have recently steepened. This means that investors are once again demanding higher compensation at the longer end of the maturity spectrum, which opens up selective opportunities. At the same time, the potential returns vary significantly depending on currency and segment.

Against this backdrop, selective management of maturities is becoming increasingly important. Short-term bonds continue to offer high flexibility and lower interest rate sensitivity, while at the longer end of the yield curve, more attractive returns are emerging for investors with a medium-term investment horizon. Government bonds primarily fulfil a stabilising function in the portfolio. Fiscal issues, particularly the high level of debt in the US, require careful differentiation by maturity.

Corporate bonds are more attractive. Solid fundamentals, robust balance sheets and low default rates make investment-grade bonds a good choice. Selective exposure to higher-yielding segments can contribute to diversifying returns. Regionally, we continue to see attractive yield opportunities, particularly in USD and EUR corporate bonds. Emerging market debt also looks promising: falling US interest rates, a weaker US dollar and improved earnings momentum argue in favour of selective positioning.

### Equities 2025: Strong performances worldwide



## EQUITIES

Quality remains crucial

Global equity markets remain robust despite a more challenging environment. Following a strong market phase dominated by the US, fundamental dynamics are increasingly coming to the fore.

Corporate earnings are stable, margins are resilient and expectations for the coming quarters are broadly supported. At the same time, differentiation between regions and sectors is increasing, making selective allocation more important than broad market exposure.

The US stock market continues to be characterised by structural growth

and high innovative strength. While equity performance has recently been dominated by a few large tech stocks, a broader earnings base is increasingly emerging. The focus is on quality companies with reliable cash flows and solid capital structures.

Europe offers attractive prospects compared to other regions. Fiscal stimulus and supportive monetary policy are improving the environment, particularly for cyclical sectors with outstanding earnings.

The Swiss stock market impresses with its strong quality structure. Global market leaders in healthcare,

consumer staples and industrial sectors provide stable cash flows, high profitability and attractive dividends. Switzerland therefore remains a key component of balanced equity portfolios.

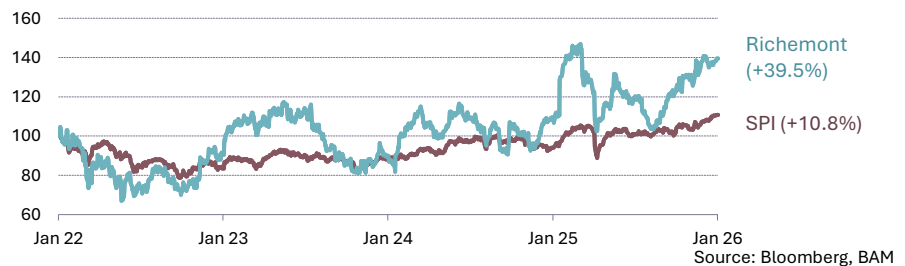
The outlook for emerging markets has continued to brighten. Falling US interest rates, a weaker US dollar and rising earnings expectations are providing support, with Asia remaining particularly attractive.

Overall, the outlook for equities remains positive. However, quality, diversification and regional balance are crucial.

## Richemont

The gem of the Swiss luxury industry

### Significant outperformance versus SPI (since 2022)



In recent years, Richemont has firmly established itself as an important pillar of the global luxury goods industry. Based in Geneva, the group brings together two of the world's most prestigious jewellery brands, Cartier and Van Cleef & Arpels, giving it a leading position in the market. The portfolio is complemented by traditional watch brands such as Jaeger, IWC and Vacheron Constantin.

The company believes in controlled growth and cost discipline without compromising the creative appeal of its brands. The focus is clearly on the jewellery business, which now accounts for more than two-thirds of

the group's sales and generates significantly higher margins than the watch division. At the same time, the retail business is being further expanded, enabling Richemont to strengthen its pricing power and customer proximity.

The latest quarterly figures underline the strength of the business model. Sales rose significantly, driven by strong demand in the US and a recovery in Asia. Richemont outperformed its competitors, thanks to the continued strong results of its jewellery business, which was particularly dynamic, showing double-digit growth, while the watch

division stabilised after a difficult previous year. Despite headwinds from higher gold prices and tariffs, Richemont was able to largely maintain its margins thanks to strict cost control and price discipline.

Shares have performed very well over last year (+27.3%) and they remain attractive to investors. The group is financially sound and structurally well positioned in a market that is increasingly focused on established, globally visible brands. Richemont thus remains a quality stock in the luxury segment with proven brand strength, global presence and a resilient business model.

## ASSET ALLOCATION

Tactical adjustments:  
Bonds reduced, emerging market equities and gold increased

The weighting of bonds was reduced, mainly due to limited attractiveness in core markets. At the same time, we increased our positions in emerging market equities in order to benefit specifically from the better growth and earnings prospects.

In addition, the gold allocation was increased to strengthen the portfolio's protection against geopolitical risks and structural uncertainties. Overall, this results in a slightly overweight position in equities and alternative investments.

### Asset classes

| Current position |   |   |   |    |
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### Liquidity

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### Bonds

Government Bonds  
Investment Grade

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### Equities

Switzerland  
Europe  
UK  
USA  
Japan  
Emerging Markets

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### Alternative investments

Gold  
Real Estate Switzerland

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Asset Management

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