View from Albis to Zugerberg and the Alps (Photo: Andreas Busslinger)

Global growth expectations slightly higher

Historically, the capital markets show seasonal weakness in February. But there are few signs of weakness in 2024. The economy is making progress on all continents. The International Monetary Fund recently raised its global growth expectations for the current year from 2.9% to 3.1%. At the same time, it improved the outlook for 2025. Inflation is falling noticeably, which is boosting consumer confidence and increasing companies' willingness to invest.

The USA is a long way from the feared recession, although a super-restrictive monetary policy is having an ever greater impact. The key interest rate of 5.5% is well above the inflation rate and even higher than the economic trend potential. This is worrying some regional banks and commercial real estate investors.

However, the market as a whole remains unperturbed. The US stock markets are characterized by low fluctuations and continued inflows from the money market, and hopes of key interest rate cuts from June remain intact.

The European stock markets have nothing to hide either. The Euro Stoxx 50 is roughly on a par with the S&P 500 (+6.8%) with a substantial gain (+7.9% ytd). Monetary policy is less restrictive and fiscal policy less expansive than in the economically stronger USA. It is widely expected that the European Central Bank will make its first interest rate cut before the US Federal Reserve.

Positive surprise in February

There was little sign of seasonal weakness in February. In recent years, February has always been characterized by a negative monthly performance.

February 2024 was different because equities performed well, particularly in US and European markets. The equity-related Swiss Market Index (SMI) rose slightly and is clearly up +2.7% compared to the start of the year, albeit less strongly than the global MSCI World (+5.3%).

The bond-related Swiss Bond Index (AAA to BBB total return) improved slightly in February, but at -0.3% is still slightly below the start of the year. This is nevertheless positive, as global bond yields were significantly more negative. The world bond index – hedged in Swiss francs – stands at -1.6% (ytd).

In defensive risk class 1 (e.g. Revo1 with a high proportion of bonds), the weighting of bonds outweighed the performance of equities and the strategies have remained more or less unchanged since the start of the year. This is likely to change with the forthcoming interest rate cuts from Q2/Q3. In the "balanced" risk class 3 (e.g. Revo3 with +1.5% and R3 with +1.9% in February), the total return was clearly in the positive zone, leading to a respectable total return early in the year.

Dynamic risk classes 4 and 5 (e.g. Revo4 with +2.0% and Revo5 with +2.5% in February) once again posted the strongest gains.

Strategies mainly based on individual titles	Strategy performance*	
	February 2024	YTD 2024
Zugerberg Finanz R1	+0.3%	+0.2%
Zugerberg Finanz R2	+1.0%	+1.5%
Zugerberg Finanz R3	+1.9%	+2.9%
Zugerberg Finanz R4	+2.2%	+3.2%
Zugerberg Finanz R5	+1.1%	+2.1%
Zugerberg Finanz RDividends	+1.6%	+2.9%
Zugerberg Finanz Revo1	+0.1%	+0.0%
Zugerberg Finanz Revo2	+0.8%	+1.3%
Zugerberg Finanz Revo3	+1.5%	+2.1%
Zugerberg Finanz Revo4	+2.0%	+3.3%
Zugerberg Finanz Revo5	+2.4%	+3.9%
Zugerberg Finanz RevoDividends	+1.7%	+3.0%
Zugerberg Finanz DecarbRevo3	−0.3%	−3.1%
Zugerberg Finanz DecarbRevo4	−0.3%	−4.7%
Zugerberg Finanz DecarbRevo5	−0.4%	−6.2%

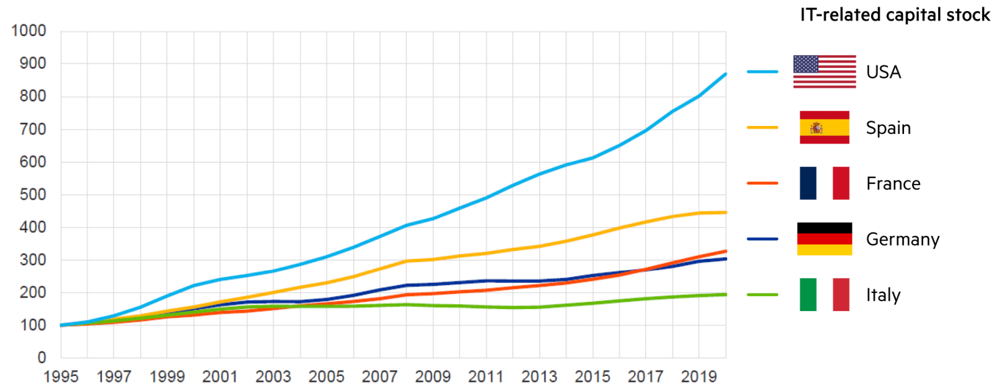
Zugerberg Finanz Vested benefits	Strategy performance*	
	February 2024	YTD 2024
Zugerberg Finanz Vested benefits R0.5	−0.3%	−0.6%
Zugerberg Finanz Vested benefits R1	+0.4%	+0.5%
Zugerberg Finanz Vested benefits R2	+0.8%	+1.3%
Zugerberg Finanz Vested benefits R3	+1.3%	+2.3%
Zugerberg Finanz Vested benefits R4	+1.5%	+2.2%

Zugerberg Finanz 3a pension solution	Strategy performance*	
	February 2024	YTD 2024
Zugerberg Finanz 3a Revo1	+0.1%	+0.0%
Zugerberg Finanz 3a Revo2	+0.8%	+1.3%
Zugerberg Finanz 3a Revo3	+1.5%	+2.1%
Zugerberg Finanz 3a Revo4	+2.0%	+3.3%
Zugerberg Finanz 3a Revo5	+2.4%	+3.9%
Zugerberg Finanz 3a RevoDividends	+1.7%	+3.0%
Zugerberg Finanz 3a DecarbRevo3	−0.3%	−3.1%
Zugerberg Finanz 3a DecarbRevo4	−0.3%	−4.7%
Zugerberg Finanz 3a DecarbRevo5	−0.4%	−6.2%

* The stated performance is net, after deduction of all running costs, excluding contract conclusion costs

Macroeconomics

Competitiveness is at stake



Rising Gap in IT-related Capital Stock between Euro area and United States (Source: Isabel Schnabel, ECB, 16/02/2024)

More than 30 years after its foundation, the European Economic and Monetary Union is widely regarded as a success. It has steadily gained support among Europeans. But its competitiveness is under threat. Many companies in the eurozone are laggards. Compared to many of their global competitors, they invest less in physical capital and research and development, and are less productive as a result.

To enable European companies to catch up technologically, the remaining barriers to the free movement of goods, services and capital in Europe would need to be removed. Businesses would then be able to compete and thrive in an environment of disruptive technological change.

Europe has a long history of innovation. Economic historian Tobias Straumann talks about the "Blue Banana". In the 16th and 17th centuries, the discoveries of Copernicus and Newton marked a turning point for social and scientific progress. In the 18th and 19th centuries, the rise of European industry laid the foundations for modern society and the considerable improvements in living standards that came with it.

After the Second World War, Europe once again became the engine of productivity growth in the world. Labor productivity rose rapidly compared to the USA. However, since the beginning of the 21st century, productivity growth has slowed down. Many companies have not yet been able to recover from this loss of competitiveness. Productivity growth has remained subdued, a development that has recently been exacerbated by the effects of the pandemic and the war in Ukraine.

One of the main reasons for the dismal productivity performance is that European companies are failing to take advantage of the efficiency gains made possible by information and communication technologies (ICT). Investment in ICT has fundamentally improved the US economy. As a result of increased investment, annual productivity growth in the service sector in the US has risen by an average of 3.2%, compared to just 0.9% in Europe.

The productivity boost triggered by the ICT boom could be amplified by artificial intelligence and other cutting-edge technologies. A look at US multinationals operating in Europe illustrates this well. These companies achieve significantly higher productivity gains than their European competitors, despite the same legal framework, because they not only make ICT investments, but also introduce IT-complementary organizational changes to leverage the productivity gains of digital technologies.

Based on such observations, we also make demands on companies before we select them for our portfolios. After all, profits may be interesting in the short term. In the long term, however, it is more about being able to learn and adapt in order to increase competitiveness through productivity gains.

Region	3–6 months	12–24 months	Analysis
Switzerland	↗	↗	On March 21, the SNB meets for its monetary policy assessment. The probability of a key interest rate cut by 0.25% to 1.5% is 52% - like a flip of a coin.
Eurozone, Europe	↗	↗	For the eurozone, we expect real GDP growth of +1.0% (2024). For Switzerland, it is likely to be a little higher at +1.2% - without a recession.
USA	↗	↗	The economic boom is currently being bought at a high price: USD 834.2 bn in new debt in 3Q23 for USD 334.5 bn in growth – this is an unsustainable ratio of 2.5 to 1.
Rest of the world	↗	↗	China must make massive changes to its economic transition if it ultimately wants to replace the US as the world's largest economy.

Liquidity, currency

Switzerland is likely to grow faster than expected

"Sihlcity" shopping centre in Zurich

The latest forecasts still assume that the Swiss franc will be particularly strong and see the Swiss economy being hit by a correspondingly strong slowdown. In contrast, we see political stability and the availability of a (highly) qualified workforce as outstanding features that should give the Swiss economy an additional boost compared to its European competitors. The attractiveness of Switzerland as a business location remains unbroken.

Switzerland's real GDP is likely to show solid growth of +1.5% in the current year. There are no signs of an electricity and energy crisis or a demand-induced recession. Similar growth is also expected in 2025.

Part of this is certainly due to net immigration, but part is also due to the level of education and faster ICT adaptation than in neighboring countries. Employment growth amounted to +1.7% last year, which led to an overall increase in consumption of +2.1%.

It is also important to note that the strength of the Swiss franc enabled inflation to return to the target corridor as early as 2023. There is now no longer any threat of second-round effects – partly because the SNB is likely to reduce its key interest rate to the neutral level over the course of the next four meetings.

The Swiss monetary policy will ensure falling money market interest rates, a stable reference interest rate and therefore stable rents and falling interest expenses for Saron-based mortgage borrowers and thus increased disposable household income. All these factors contribute to a stronger GDP.

In the current year, the fact that global economic forecasts have been revised upwards will also have a positive impact. In addition, the franc lost some of its outstanding long-term strength in the first two months of 2024.

The euro gained +2.9% against the franc to 0.96. The dollar even strengthened by +5.1% to 0.88 thanks to significantly higher nominal interest rates and diminished fantasies of interest rate cuts. This directly improves the outlook for most Swiss companies, but especially for the labor-intensive export industry and the tourism sector.

The lower interest rates, which can already be used for advantageous conditions on the swap market, are supporting the construction industry. They are ensuring that the Swiss economy is returning to its growth path across a wide range of sectors.

However, the improved foreign trade environment also has a downside. Anyone wishing to hedge their foreign sales, income or investments in Swiss francs faces higher hedging costs. Hedging the dollar now costs Swiss franc investors 3.9% a year. The figure for the euro is 2.4%.

Asset class	3–6 months	12–24 months	Analysis
Bank account	↘	↘	Inflation expectations are declining. In addition, it can be expected that interest rates on money market investments will fall sharply over the course of 2024.
Euro / Swiss franc	↗→	↗→	The euro is expected to continue to strengthen over the course of the year. This is advantageous for the majority of Swiss companies.
US dollar / Swiss franc	→↘	↘	The macroeconomic signals from the USA are difficult to interpret. However, corporate profits in the S&P 500 continue to rise.
Euro / US dollar	↗	↗	The eurozone is facing a phase of accelerated structural change. However, Germany remains the world's third largest economy for the time being.

Bonds

Continued correction in bond yields

	End of 2023	29 February 2024	Difference
USA	3.8%	4.2%	+0.4%
Germany	1.9%	2.4%	+0.5%
Italy	3.5%	3.8%	+0.3%
Great Britain	3.4%	4.1%	+0.7%
Switzerland	0.6%	0.7%	+0.1%

Change in the yield on ten-year government bonds since the beginning of the year (Source: Bloomberg Finance LP | Graphic: Zugerberg Finanz)

In February 2024, yields on ten-year government bonds continued to rise and are around 30 to 70 basis points higher than at the start of the year. Only in Switzerland, an island of stability, did the rise remain barely noticeable. The increase in yields resulted in significantly lower bond prices. However, we are convinced that interest rates will be cut this year due to moderate inflation rates, albeit to a lesser extent than previously assumed.

Switzerland is an island of bliss in terms of monetary policy. At a low +1.2% compared to the previous year, the inflation rate has long since returned to the target corridor of the Swiss National Bank (SNB). Inflation expectations are also remaining moderate.

Although the economic upturn is noticeable, it is by no means inflationary. The SNB is therefore likely to move away from its highly restrictive course with a key interest rate of a high +1.75% in the near future.

The key question is whether it will do so at the monetary policy assessment on March 21 or June 20. The general market expectation is that the SNB will make three key interest rate cuts by the end of the year and reduce the key interest rate from +1.75% to the neutral monetary policy level of +1.0%.

This is by no means speculation. The gradual interest rate cuts are already being anticipated in the interbank lending business (swap market). Accordingly, fixed-rate mortgages can already be concluded at significantly lower interest rates than money market-based SARON loans.

Interest rate futures abroad, on the other hand, have differed relatively significantly from those in Switzerland. They rose again in February after CPI inflation in the US, which was strongly influenced by the cold weather in January, was well above consensus expectations.

As expected, the rise in PCE inflation, which is more closely monitored by the Fed and is based on actual consumer spending, remained on a downward trajectory at +2.8% year-on-year. This led to a calming of the nervous, unusually volatile bond markets at the end of the month.

Nevertheless, the markets expect inflation to remain above the Fed's 2% target for a few more months. The fact that the main increase in consumer prices is attributable to services (excluding housing) was a cause for concern for some. This suggests that demand remains strong enough for companies to continue to increase their profit margins.

Conversely, the current inflation figures have led to upward revisions of profits on the stock markets and to various new index highs (S&P 500, Nasdaq, Euro Stoxx 50, DAX, Nikkei).

As before, not only key interest rates but also yields on long-term government bonds (in USD and EUR) are likely to fall again significantly over the course of the year. We therefore consider the current risk/return ratio in our bond solutions to be attractive, particularly if growth in the US economy slows.

Asset sub-class	3–6 months	12–24 months	Analysis
Government bonds	→↗	↗	Public debt in the USA has risen dramatically in recent years, while European debt has stagnated in real terms.
Corporate bonds	↗	↗	Many companies have recently tapped the capital market, in some cases to record-breaking levels, to raise funds for M&A transactions.
High-yield, hybrid bonds	↗	↗	The best returns so far this year have been achieved with European high-yield and hybrid bonds. Our clients benefited from this.

Zugerberg Finanz bond solutions

A core position in the portfolio

(Photo: LR Health & Beauty Systems GmbH)

Bonds should remain a core position in the portfolio. In bad economic times, the Zugerberg Income Fund (ZIF) in particular, with its high average rating, has an important buffer function. Last month, however, it suffered from the upturn in the economy, which caused benchmark yields to rise. The Credit Opportunities Fund (COF), which focuses on credit risk premiums, benefited all the more and is clearly up +1.7% after two months.

In February, the interest rate-sensitive ZIF with its 291 bonds achieved a return of -1.1% and was thus slightly below the Swiss Bond Index compared to the previous month. The World Bond Index (hedged in Swiss francs) lost more ground with -1.1% in February and is at -1.6% since the beginning of the year.

In the first two months, the improved economic situation and thus the prospects of lower interest rate cuts than previously assumed put great pressure on the bond markets. We expect this pressure on the bond markets to ease in the coming weeks.

While the consensus at the beginning of the year still expected the Fed to cut interest rates by March 2024, various comments and speeches by Fed Open Market Committee members following the January meeting suggested that a cut was highly unlikely in the near future.

The markets now expect a probability of only 64% that the Fed will cut rates in June because the US economy is currently growing so robustly and that the Fed funds rate will be 4.5% at the end of 2024. This implies that there will be three rate cuts of 25 basis points each.

The limited rise in yields on long-term benchmark bonds in turn most likely reflects the fact that the markets are still pricing in interest rate cuts – just later this year and well into 2025 and 2026. Risk assets therefore held up relatively well. All equity markets rose in February. In the credit markets, risk premiums (the so-called "spreads") continued to hold up well.

Compared to the start of the year, spreads in the US investment grade segment as well as in the European segment slipped back slightly. More noticeable was the decline in the European iTraxx Crossover and in hybrid bonds, some of which are included in the COF with its 173 bonds.

The outperformance of the COF in the current year is partly due to the selection and partly to the underlying market segments. The "high yield" and "subordinated financial bonds" segments as well as bonds from the real estate sector performed above average and made a significant contribution to this result.

Interest rate sensitivity is significantly lower in COF than in ZIF. In contrast, the COF contains bonds from companies with a lower average rating. Conversely, this means that even more care is required in the selection process.

One new bond that we have added to the COF portfolio is the German company LR Health & Beauty (see picture of its manufacturing site in Hamburg, Germany), which is part of the famous Quadriga Private Equity portfolio. Its products, such as aloe vera, are household names in Germany that are particularly popular among younger, digitally savvy sections of the population.

	Zugerberg Income Fund	Credit Opportunities Fund
Yield in 2024 (since the beginning of the year)	-1.2%	+1.6%
Yield since the start (annualized)	-9.5% (-1.7%)	+27.2% (+2.2%)
Proportion of months with positive yield	51%	67%
Credit risk premium in basis points (vs. previous month)	123 BP (-9 BP)	516 BP (-29 BP)
Average rating (current)	A-	BB+

You can find more information in the factsheets on the Zugerberg Income Fund and the Credit Opportunities Fund.

Real estate, infrastructure

Rents stabilize

Residential properties in Zurich

With the prospect of lower key interest rates from the Swiss National Bank, the prospects for tenants are also improving. However, there are other concerns on the Swiss real estate market. The time between planning application and start of construction has increased by two thirds over the past twelve years. This costs money and reduces the supply of housing.

After a phase of restrained price development on the residential property markets, prices are expected to rise again in the medium term, particularly in the lower and middle segments, according to the Zurich, Switzerland-based real estate expert FPRE's assessment of the cyclical outlook. This also applies to investment properties, as they are benefiting from the slight increase in rental income and falling refinancing costs.

Switzerland is a country of tenants. Home ownership is only affordable for a few. This makes supply all the more important, especially as net immigration continues. In 2022, net immigration was +80,000 people, last year it was around +100,000.

This is creating an increasingly tight rental housing market, particularly in German-speaking Switzerland. In principle, there is a willingness to build, but the approval of planning applications is slow. The time between planning application and start of construction has increased by two thirds over the past twelve years.

One of the largest developers in Switzerland is Swiss Life. Head of Investment Stefan Mächler is pleased with the advantages of real estate: "Real estate investments in Switzerland currently have two advantages. Firstly, the protection against inflation for commercial real estate and secondly, the interest rate protection provided by the reference interest rate for residential real estate." However, he sees increasing obstacles: "We are now talking about periods of 100 to 500 days [between planning application and start of construction]. That costs money and doesn't generate any new homes. One important element here is the increasing number of objections. With less building activity on greenfield sites and more densification, the number of appeals has also risen. We could build up to 1,000 apartments a year if we were allowed to. This year it will be several hundred."

It is interesting to note that prices for owner-occupied apartments have recently risen significantly again (2023: +3.4%) – more so in easily accessible mountain regions than in large cities and their agglomerations. This is likely due to the increasing possibility of working from home. The increase in single-family homes was lower (+2.4%). Falling interest rates on mortgage loans will certainly support demand.

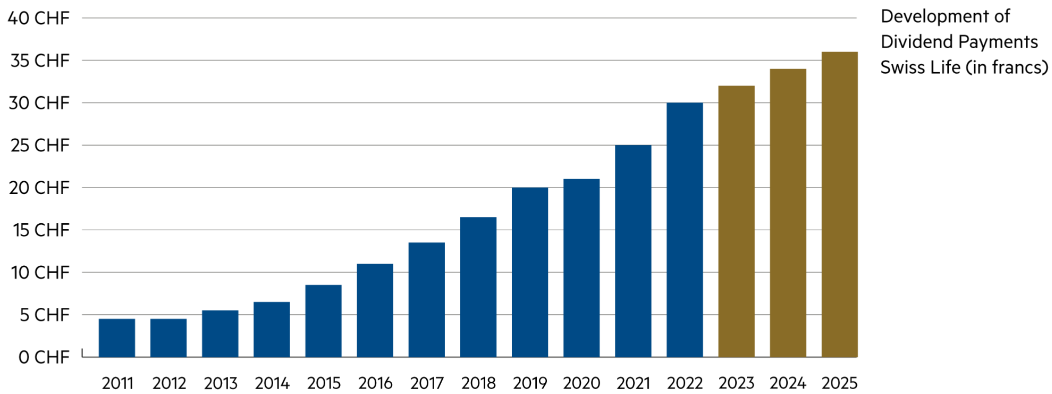
Multi-year fixed-rate mortgages are already available again for well below 2.0% interest in some cases. It therefore came as no surprise when the Federal Office for Housing announced that the mortgage reference rate would remain unchanged at 1.75% on March 1, 2024.

The underlying average interest rate is unlikely to change significantly over the rest of the year, as the widely available money market mortgages are likely to become 0.25% cheaper from the middle of the year and 0.75% cheaper within a year.

Asset sub-class	3–6 months	12–24 months	Analysis
Residential properties CH	→↗	↗	Home prices will continue to climb in 2024. In the last 12 months, home prices have risen by +2.9%, most strongly in the mountains.
Office and retail properties CH	→	→	The situation on the office market remains tense and hardly any significant demand impetus is expected. Market rents remain stable.
Real Estate Fund CH	↗	↗	Thanks to falling interest rates, stable distribution yields and increased rental income, Swiss real estate funds are becoming more attractive.
Infrastructure Equity / Fund	↗	↗	The prospects of far-sighted infrastructure companies such as Zurich Airport with its total supply will improve over the course of 2024.

Equity

A dividend record in spring 2024



Swiss Life: Development of Dividend Payments, Estimates from 2023 to 2025 (Source: Bloomberg Finance LP | Graphic: Zugerberg Finanz)

Spring 2024 will see record-high dividend distributions. Mandates with a high equity allocation will benefit from this in particular. Naturally, this will have the greatest impact on the "Dividends" strategy. Since we established this strategy five years ago, the dividend flow has increased every spring compared to the previous year. Around 80% of the shares in our dividend portfolio will increase their dividend in spring 2024.

A typical example of a solid equity performer in the dividend portfolio is Swiss Life (+10% since the beginning of the year), an insurance company with a strong asset management business in the real estate sector. It now manages real estate worth around CHF 100 billion for third parties, which generates a corresponding fee income and stabilizes earnings. Ten years ago, the distribution per share was 5.50 francs. Last spring, CHF 30 was already distributed, and in May 2024 it will be slightly more.

In the last five years alone, Swiss Life's dividend has grown by 17.3%. The holding company's dividend capacity allows for further growth in the future. This has convinced investors and caused the share price to rise from around CHF 200 (2014) to CHF 640 (2024). Even at the current level, the dividend yield is attractive at just under 5%.

Reinsurer Swiss Re (+13%), which is currently still trading at a discount to its competitors, is also increasing its dividend. The dividend of around CHF 6 per share (currently worth CHF 100) corresponds to a dividend yield of 6%. Swiss Re generated an annual profit of around CHF 3 billion in 2023 and has a comfortable capital cushion. The loss assumptions for 2024 had to be adjusted upwards. However, an average price increase of 9% was achieved. At the same time, the premium volume also increased by 9%.

It is by no means too late to include high-dividend stocks in the portfolio. They can be found in the lowest-risk asset class as well as in riskier solutions. In many cases, we are not interested in the amount of the dividend, but in the quality of the underlying business model, generating earnings growth that is as independent of the economic cycle as possible and enables rising dividend income.

However, there are also exceptions. In the US tech sector, it is unusual to pay dividends. Any surplus funds are invested in share buyback programs.

In companies such as Sika (-7% since the beginning of the year and thus significant recovery potential), which are constantly gaining market share and have to cope with acquisitions, the dividend yield is rather low. It is more important to reduce the financial burden of acquisitions – the MBCC acquisition cost CHF 5.5 billion – as quickly as possible and to strengthen the balance sheet.

At the latest media conference, CEO Thomas Hasler put Sika's global market at CHF 110 billion. Sika already has an 11% market share. That leaves 89% still to be conquered, Hasler said with a wink.

Asset sub-class	3–6 months	12–24 months	Analysis
Equity Switzerland	↗	↗	In Switzerland, the heavyweights Roche and Nestlé (-5% and -6%) had a strong negative impact on the share index in the first two months.
Equity Eurozone, Europe	↗	↗	The Euro Stoxx 50 (+7.9% since the beginning of the year) embodies the surprisingly strong improvement in macro indicators from the eurozone.
Equity USA	↗	↗	We have reduced Apple positions and added to Amazon. The mail order company and cloud specialist has also moved up into the Dow Jones.
Equity Emerging markets	↗	↗	India is growing even faster than expected. At present, real GDP growth of +7.5% is not unusual. Some regions are growing even faster.

Alternative investments

IPOs are being prepared

There will be a number of IPOs in the coming months and quarters. Numerous private market managers are taking advantage of the good market conditions to sell some of their holdings. In Switzerland, preparations are being made for the IPO of telecoms company Sunrise, among others. The Basel-based contract manufacturer Corden Pharma, which is owned by the French private markets company Astorg, is also set for an IPO, as is the luxury watch brand Breitling, which is part of the Partners Group portfolio.

A clear trend can be observed worldwide. The number of listed companies is decreasing. Some are being voluntarily delisted. In Switzerland, the most prominent examples include Hilti and Bucherer. The latter was later taken over by the Rolex Foundation. Even more frequent, however, are takeovers (crisis-motivated at Credit Suisse or growth-oriented, as recently at Aluflexpack), which reduce the supply.

The most important reason for an IPO is increased brand awareness, which can provide major advantages on the sales markets – in the competition for new customers – as well as on the procurement markets – in the competition for qualified employees. This certainly applies to the US part of Holcim, which is to be spun off and immediately included in the S&P 500, the world's most important share index. Industrial companies such as the Zurich Oberland company Mettler-Toledo and, more recently, the German shoe supplier Birkenstock have gone public in New York.

Mettler-Toledo's market capitalization would place it in the SMI, but the number of analysts and investors is estimated to be the same as on the world's most liquid stock exchange. The Swiss sports shoe company On has its headquarters and flagship store just 200 meters from the SIX Swiss Exchange, but the group, which is one of the world's largest sports equipment manufacturers, feels more at home in the USA. More than 60% of sales (2022) were also generated there.

A listing is seen as a seal of quality and improves the exchange with numerous stakeholders. According to a study by Lucerne University of Applied Sciences and Arts, the motive of raising equity has become less important over the last ten years. This is undoubtedly due to the low interest rate environment from 2015 to 2022, which enabled extremely low-cost debt financing.

Nevertheless, raising equity remains the second most important reason. This applies in particular to companies with a private market owner such as Selecta, Swissport and Gategroup. With the IPO, equity is raised, debt and equity ratios are often reorganized and the balance sheet is given a healthy structure. With falling interest rates on borrowed capital, a growing global economy and low volatility on the stock markets, the coming months and quarters are likely to see a number of IPOs.

However, some IPOs will be pre-empted by a group that will acquire the company outright before it is floated. Partners Group has a number of companies that would be suitable for an IPO in terms of size. These include the real estate service provider Techem, known as a meter reader, which records heat and water consumption in apartment buildings and calculates the costs for individual households on this basis. Founded over 70 years ago, the company now manages around 53 million metering devices and is central to the long-term trend towards energy efficiency. More and more charging stations for electric cars in apartment buildings are also being managed in order to break down consumption by user.

Asset sub-class	3–6 months	12–24 months	Analysis
Commodities	→	↗	Technological progress means that fewer and fewer raw materials are needed. Commodity prices are therefore structurally on a downward trend.
Gold, precious metals	→	↗→	At CHF 1,810/ounce (+4.6% since the beginning of the year), the price of gold has only risen by around a tenth as much as Bitcoin. Its capitalization is 10% of gold.
Insurance Linked Securities	↗	↗	In 2024, the niche market of ILS and subordinated insurance bonds will remain attractive, supported by a number of interesting factors.
Private equity	↗	↗	2024 should be an interesting year for private market investments. This applies to both private market managers and private market investors.

Market data

Asset class		Price (in local currency)			Monthly / YTD / Annual performance (in CHF)		
Equity		**29.02.2024**	**02/2024**	**2024 YTD**	**2023**	**2022**	**2021**
SMI	CHF	11'438.9	+0.9%	+2.7%	+3.8%	−16.7%	+20.3%
SPI	CHF	14'857.7	+0.6%	+2.0%	+6.1%	−16.5%	+23.4%
DAX	EUR	17'678.2	+7.0%	+8.5%	+13.1%	−16.3%	+10.4%
CAC 40	EUR	7'927.4	+6.0%	+8.1%	+9.6%	−13.9%	+23.6%
FTSE MIB	EUR	32'580.9	+8.5%	+10.4%	+20.4%	−17.3%	+17.3%
FTSE 100	GBP	7'630.0	+2.0%	+2.7%	−0.3%	−8.8%	+16.7%
EuroStoxx50	EUR	4'877.8	+7.4%	+10.9%	+12.1%	−16.0%	+16.0%
Dow Jones	USD	38'996.4	+5.1%	+9.0%	+3.5%	−7.7%	+22.2%
S&P 500	USD	5'096.3	+8.1%	+12.5%	+13.1%	−18.5%	+30.6%
Nasdaq Composite	USD	16'091.9	+9.1%	+12.9%	+30.6%	−32.3%	+25.0%
Nikkei 225	JPY	39'166.2	+8.3%	+15.8%	+8.6%	−19.7%	−2.6%
Sensex	INR	72'500.3	+4.0%	+6.1%	+7.4%	−4.8%	+23.2%
MSCI World	USD	3'337.2	+7.0%	+10.9%	+10.8%	−18.5%	+23.7%
MSCI EM	USD	1'020.9	+7.6%	+5.0%	−2.6%	−21.5%	−1.8%
Bonds (mixed)		**29.02.2024**	**02/2024**	**2024 YTD**	**2023**	**2022**	**2021**
Glob Dev Sov (Hedged CHF)	CHF	153.2	−0.8%	−1.4%	+2.2%	−13.2%	−3.0%
Glob IG Corp (Hedged CHF)	CHF	181.0	−1.5%	−1.8%	+4.2%	−16.7%	−2.0%
Glob HY Corp (Hedged CHF)	CHF	340.8	+0.6%	+0.4%	+8.7%	−13.6%	+1.4%
USD EM Corp (Hedged CHF)	CHF	263.7	+0.0%	−0.7%	+4.5%	−18.2%	−2.7%
Government bonds		**29.02.2024**	**02/2024**	**2024 YTD**	**2023**	**2022**	**2021**
SBI Dom Gov	CHF	176.4	+0.7%	−1.8%	+12.5%	−17.0%	−4.2%
US Treasury (Hedged CHF)	CHF	138.5	−1.7%	−2.3%	−0.5%	−15.0%	−3.5%
Eurozone Sov (Hedged CHF)	CHF	177.8	−1.4%	−2.1%	+4.8%	−18.9%	−3.7%
Corporate bonds		**29.02.2024**	**02/2024**	**2024 YTD**	**2023**	**2022**	**2021**
CHF IG Corp (AAA-BBB)	CHF	182.0	+0.2%	+0.2%	+5.7%	−7.5%	−0.5%
USD IG Corp (Hedged CHF)	CHF	184.0	−1.9%	−2.4%	+3.5%	−18.5%	−2.3%
USD HY Corp (Hedged CHF)	CHF	584.3	0.0%	−0.4%	+8.5%	−13.7%	+4.1%
EUR IG Corp (Hedged CHF)	CHF	162.7	−1.1%	−1.2%	+5.9%	−14.1%	−1.2%
EUR HY Corp (Hedged CHF)	CHF	289.1	+0.2%	+0.7%	+9.8%	−10.9%	+3.2%
Alternative investments		**29.02.2024**	**02/2024**	**2024 YTD**	**2023**	**2022**	**2021**
Gold Spot CHF/kg	CHF	58'133.2	+2.9%	+3.3%	+0.8%	+1.0%	−0.6%
Commodity Index	USD	96.7	+0.9%	+3.2%	−20.4%	+15.1%	+30.8%
SXI SwissRealEstateFunds TR	CHF	2'404.8	+0.6%	+2.8%	+5.4%	−17.3%	+7.6%
Currencies		**29.02.2024**	**02/2024**	**2024 YTD**	**2023**	**2022**	**2021**
US dollar / Swiss franc	CHF	0.8845	+2.7%	+5.1%	−9.0%	+1.3%	+3.1%
Euro / Swiss franc	CHF	0.9557	+2.6%	+2.9%	−6.1%	−4.6%	−4.0%
100 Japanese yen / Swiss franc	CHF	0.5893	+0.6%	−1.2%	−15.4%	−11.0%	−7.5%
British pound / Swiss franc	CHF	1.1167	+2.2%	+4.2%	−4.2%	−9.3%	+1.9%

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