



Wilersee in the moraine landscape of Menzingen, Canton Zug (Photo: Andreas Buslinger)

Global economic development better than expected

The global economy performed better than expected in the first half of 2024. Inflation also slipped back, with the result that several central banks (including the Swiss National Bank) began to cut interest rates. This has improved financing conditions for mortgage and business loans and stabilized rental price trends. Together with rising wages and a high employment rate, this led to a pleasing development in the income and asset situation of private households. This was also reflected in robust consumer spending. As inflation expectations also fell, this can be interpreted as a good sign.

Asia remains the epicenter of global economic growth. Meanwhile, China has implemented significant easing measures to support the real estate market since the start of the multi-year slump. On the stock markets, real estate stocks were among the biggest winners in

the market rally after the Chinese New Year. However, China's economy remains heavily dependent on investment. Japan, which recovered significantly thanks to an increase in exports, was the last country to abandon its negative interest rate policy. India grew more than any other G20 economy in the first half of the year. Following the elections, the subcontinent is heading towards a robust long-term growth path that will lift the most populous country into a prosperous industrial future. In the coming years, growth in India is likely to be twice as high as that of China.

The first half of the year on the stock markets was dominated by the topic of artificial intelligence (AI). The breadth of the upswing only improved in recent weeks, while technology stocks consolidated at "elevated" temperatures.

Solid performance after 6 months

The Swiss Market Index (SMI, +7.7%) rose roughly in line with the European markets in the first half of the year. The difference was not geography, but scale. While the large-cap stocks performed well worldwide, the smaller and medium-sized companies found it difficult to keep up.

Adjusted for dividends, the total return of Lonza (+40%) in the first six months was ahead of that of Swiss Re and Holcim (+25% each), Givaudan (+24%) and Alcon (+23%) among SMI stocks. Roche (+6%) was well behind Novartis (+18%). Only Partners Group (-2%), Nestlé (-3%), Sika (-5%) and Kühne+Nagel (-7%) remained in the negative zone. Among the smaller companies, Swissquote (+41%) and Accelleron Industries (+37%) stood out. Several of our portfolio positions from the international segment (e.g. Nvidia, SAP, Alpha-

bet, Schneider Electric, Microsoft) and the Indian country basket (+22%) provided a pleasing upturn in the equity-heavy portfolios.

In the defensive risk class 1 (e.g. Revo1 with a high proportion of bonds at +0.8%), performance has been slightly positive since the start of the year. In the "balanced" risk class 3 (e.g. Revo3 with +7.0% and R3 with +7.9% since the beginning of the year), the total return is at a solid level.

The dynamic risk classes 4 and 5 (e.g. Revo4 with +9.3% and Revo5 with +10.9% since the beginning of the year) are above the expected long-term annual returns. The performance of dividend solutions (e.g. RDiv with +7.8%) is solid, but the losses in June due to the election results in France were noticeable.

Strategies mainly based on individual titles

	Strategy performance*	
	June 2024	YTD 2024
Zugerberg Finanz R1	+0.3%	+1.2%
Zugerberg Finanz R2	+0.3%	+4.6%
Zugerberg Finanz R3	+0.3%	+7.9%
Zugerberg Finanz R4	+0.5%	+9.7%
Zugerberg Finanz R5	+0.5%	+9.8%
Zugerberg Finanz RDividends	-2.6%	+7.8%
Zugerberg Finanz Revo1	+0.0%	+0.8%
Zugerberg Finanz Revo2	+0.1%	+4.4%
Zugerberg Finanz Revo3	+0.0%	+7.0%
Zugerberg Finanz Revo4	+0.1%	+9.3%
Zugerberg Finanz Revo5	+0.1%	+10.9%
Zugerberg Finanz RevoDividends	-3.0%	+6.8%
Zugerberg Finanz DecarbRevo3	-3.6%	+0.1%
Zugerberg Finanz DecarbRevo4	-5.1%	-1.1%
Zugerberg Finanz DecarbRevo5	-6.1%	-2.3%

Zugerberg Finanz Vested benefits

	Strategy performance*	
	June 2024	YTD 2024
Zugerberg Finanz Vested benefits R0.5	+0.6%	-0.5%
Zugerberg Finanz Vested benefits R1	+0.3%	+1.4%
Zugerberg Finanz Vested benefits R2	+0.7%	+3.9%
Zugerberg Finanz Vested benefits R3	+0.7%	+6.4%
Zugerberg Finanz Vested benefits R4	+0.5%	+7.1%

Zugerberg Finanz 3a pension solution

	Strategy performance*	
	June 2024	YTD 2024
Zugerberg Finanz 3a Revo1	+0.0%	+0.8%
Zugerberg Finanz 3a Revo2	+0.1%	+4.4%
Zugerberg Finanz 3a Revo3	+0.0%	+7.0%
Zugerberg Finanz 3a Revo4	+0.1%	+9.3%
Zugerberg Finanz 3a Revo5	+0.1%	+10.9%
Zugerberg Finanz 3a RevoDividends	-3.0%	+6.8%
Zugerberg Finanz 3a DecarbRevo3	-3.6%	+0.1%
Zugerberg Finanz 3a DecarbRevo4	-5.1%	-1.1%
Zugerberg Finanz 3a DecarbRevo5	-6.1%	-2.3%

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

Macroeconomics

Private households are decisive



Metalli shopping avenue in Zug (Photo: Andreas Busslinger)

Over the next 18 months, private households will be decisive for further economic development. Their total wealth is close to an all-time high, consumer sentiment is good and wage incomes remain robust. Contrary to popular belief, real wages for the lower income brackets are higher than before the pandemic. This is partly due to the introduction or increase in minimum wages in various regions and countries.

Lower income groups are generally more affected by inflation than higher income groups. However, if a compensatory regulation is found through wage negotiations, union-initiated wage settlements or even a statutory increase in minimum wages, the opposite can happen, contrary to popular belief. Based on data, this can currently be observed and explained using the USA as an example.

In the US, weaker signals have recently given rise to concerns about the financial health of private households. In corporate reporting for the first quarter of 2024, numerous company comments signaled more cautious consumer behaviour. Delinquency rates for credit cards and car leasing rose, probably also due to significantly higher interest rates for borrowers.

Conversely, real wages for the bottom 40% of the wage distribution are higher compared to 2019 than before the pandemic. They are even above the trend. By contrast, the top 60% are slightly below trend. However, capital gains as a result of higher interest rates are leading to higher household incomes.

In general, the increases in house and share prices have had the greatest impact on wealth growth among the wealthiest households since 2019, especially among older households with higher savings. The ratio of net wealth to disposable personal income rose to an all-time high. This results in the so-called wealth effect, i.e. higher wealth stimulates private household consumption.

Low-income households have significantly fewer assets than others and their liquid savings have fallen since their peak (2021). This makes them more vulnerable to income shocks. Some may have reached the limit of their borrowing capacity. On a positive note, total debt, debt servicing costs and credit utilization have remained low in these segments of society.

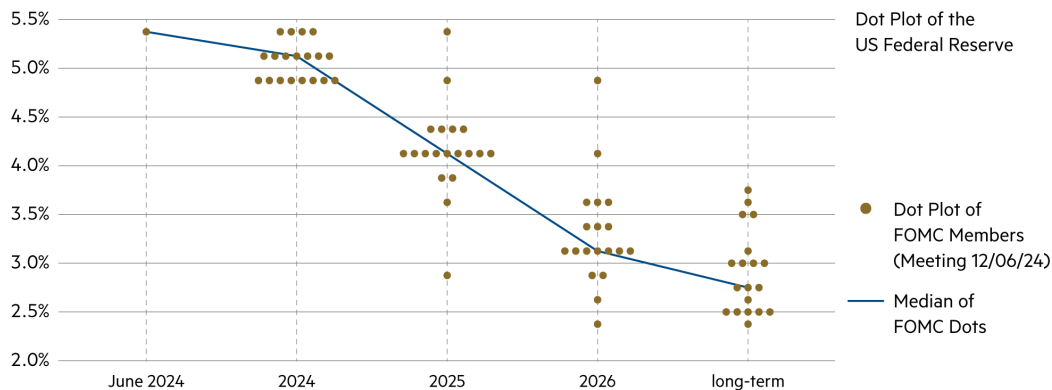
Two major downside risks for consumption in the future remain. Firstly, a cyclical slowdown in labor demand would likely reduce the growth in consumption and, in particular, affect the spending of low-income households. Secondly, a negative scenario in which share prices fall by 20% and real estate prices by 10% would probably reduce spending noticeably in the following year.

Consumer sentiment is neither gloomy nor euphoric. The University of Michigan's sentiment barometer fell in June, as did the Conference Board's consumer confidence index. The example of the USA explained here can also be largely applied to Europe and is intended in particular to illustrate the macroeconomic perspective of private households with regard to consumption, employment, income, wealth and debt.

Region	3–6 months	12–24 months	Analysis
Switzerland	↗	↗	The free movement of persons (+68,000 net in 2023) is counteracting the shortage of skilled workers - for highly qualified workers as well as in industry and commerce.
Eurozone, Europe	↗	↗	Growth forecasts have been noticeably increased in recent months. The rubber band effect is easing. Europe is returning to robust growth rates.
USA	↗	↗	GDP growth is likely to be well above 2% this year. This is also due to the highly expansive fiscal policy measures.
Rest of the world	↗	↗	In India, growth rates in the region of +7% p.a. are expected in the coming years, bolstered by a pro-growth government.

Liquidity, currency

Rate forecasts convey confidence



The Fed rates as “dot plot” from the last FOMC meeting on June 12, 2024 (Source: US Federal Reserve | Graphic: Zugerberg Finanz)

The interest rate forecasts of the various central banks convey the confidence that inflation rates in the most important currency areas will increasingly settle in the range between 1% and 3%. It is therefore to be expected that several central banks will begin to ease their restrictive monetary policy with cautious steps in the third quarter.

No monetary policy news is expected in the coming weeks. The summer break is coming to the fore, as is the half-yearly analysis, before the corresponding measures are taken in late summer. Monetary easing can be expected for the time being. Construction in particular, but also industry and service providers, grew in the first quarter of 2024, albeit at a slower pace. In construction, higher financing costs in the US, the eurozone and the UK are weighing heavily on investment. Consumers are also increasingly reluctant to spend. At the same time, there are also encouraging signs. Lower inflation rates and strong wage growth with a still robust labor market could encourage private households to consume more. And companies' business expectations have recently improved significantly. Overall, the economy should gradually pick up speed without immediately driving up inflation again.

The economy in the eurozone is developing remarkably robustly. The forecasts for 2025 are positive and the unemployment rate is at an all-time low. From a monetary policy perspective, it is important that inflation, which is still too high, falls back to its target value

of 2%. According to the flash estimate, the inflation rate in the eurozone was 2.6% in May. This is slightly higher than in April, but significantly lower than in fall 2022, when inflation in the eurozone was still around 11%. However, the return to the target value of 2% is not a foregone conclusion. According to the flash estimate, service prices rose by 4.1% in May compared to the same month last year, while goods prices reached the target value.

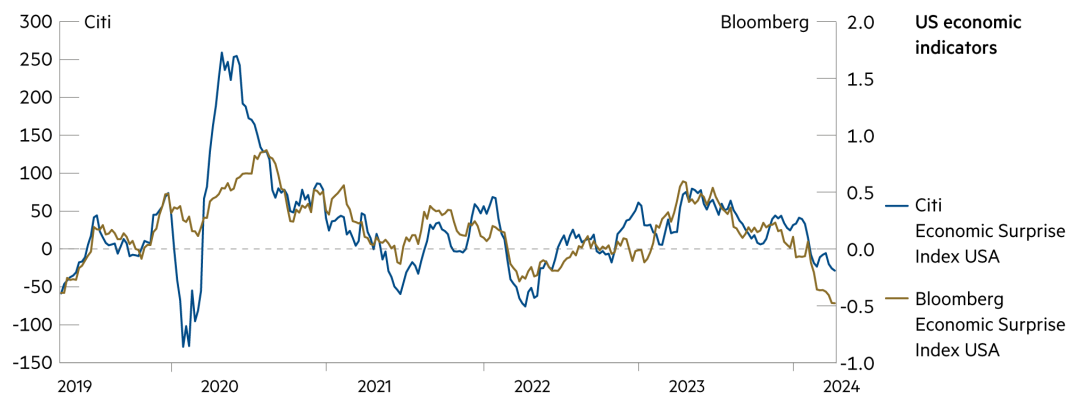
However, the interest rate shock, which is still reflected in the valuation of bonds in particular, was severe. Starting in July 2022, the European Central Bank (ECB) raised interest rates ten times in a row and then left them at this high level for nine months from September 2023. And now the ECB has lowered the interest rate for the deposit facility, which is currently decisive for monetary policy, from 4.0% to 3.75%.

There are likely to be two more cuts by the end of this year, perhaps three, but we remain cautious. This is because there is still considerable uncertainty about future economic and price developments. Metaphorically speaking: The ECB does not see itself on a mountain-top from which it will inevitably descend. Rather, it sees itself on a ridge where the right point for the further descent still needs to be found. The Governing Council of the ECB recently emphasized that decisions are data-dependent and made on a meeting-by-meeting basis.

Asset class	3–6 months	12–24 months	Analysis
Bank account	↘	↘	The SNB's key interest rate cut on June 25 also caused interest rates on bank deposits and money market investments to fall. They are below inflation (1.3%).
Euro / Swiss franc	↘	↘	The ECB's future interest rate path is likely to be "gradual" in nature, i.e. at a pace of quarterly steps rather than from meeting to meeting.
US dollar / Swiss franc	↘	↘	At 0.90, the dollar is at a high level due to interest rates. The annualized hedging costs of 4.3% against the franc are correspondingly high.
Euro / US dollar	→↗	→↗	At 1.07, the euro has remained fairly steady against the dollar since its inception. No radical changes are to be expected, but a slight improvement of the Euro.

Bonds

US inflation figures are falling



US economic indicators over the past 5 years (Source: Bloomberg Finance L.P. | Graphic: Zugerberg Finanz)

The US inflation figures and hard economic data are weaker than expected. Bond investors are increasingly taking note of this. The first interest rate cut in the US is expected in September 2024, by which time there may already be a third cut in Switzerland. The yield differentials against the dollar remain persistent, i.e. the US will have to pay higher interest rates on its (rapidly growing) government debt for longer than expected.

Inflation in the USA is falling. The PCE core inflation index rose by just 0.08% in May compared to the previous month, i.e. inflation was no longer noticeable in the basket of goods according to human judgment. The annual rate fell to 2.57%. Personal spending and income rose by 0.2% and 0.5% respectively in May – higher than the inflation rate, i.e. there was real growth in consumption and income. In addition, the savings rate rose slightly to 3.9%.

Although the USA is enjoying real growth in the current year, which has been pumped up by fiscal policy, the underlying logic is proving to be unsustainable in the long term. The national debt now amounts to around 35 trillion dollars. Measured against the gross domestic product (GDP) of CHF 28 trillion, this is a gross debt ratio of around 125%, which is likely to rise to around 135% by 2030.

At best, this would still be okay if we had the feeling that the public infrastructure was in a modern condition, but it is far from that. The building fabric of schools, roads, power lines and much more is in disrepair.

Some important US data came in better than expected, such as the May labor market data and the June Purchasing Managers' Indices (PMI), but the vast majority of macroeconomic data missed expectations.

Both Citi's Economic Surprise Index and Bloomberg's measure of economic surprises are trending downwards. This also applies to the Chicago Fed National Activity Index, which is made up of a weighted average of 85 monthly indicators. Its performance calls into question the strength of the US economy.

The Fed will undoubtedly no longer be able to ignore the weaker economic data and will prepare the markets over the summer with the start of the meeting in Jackson Hole in the Rocky Mountains to initiate the path of interest rate cuts in the fall. Perhaps even with a step of 50 basis points in order to quickly move away from the super-restrictive course and stabilize the economy.

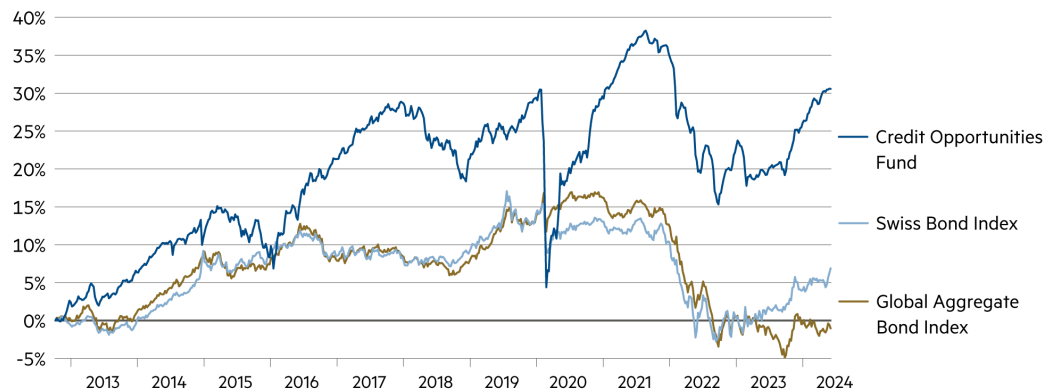
However, Europe has nothing to hide. If the US economy grew by +1.5% in the first half of the year, around half of this can be attributed to population growth. In the eurozone, growth of +1.5% is not expected until next year, but it is already likely to be +1.0% this year; outside the eurozone, growth is higher.

On a per capita basis, the European economy as a whole is growing faster than the USA – and this with new debt that is around half as high as in the USA. It is therefore important to look not only at economic growth, but also at its underlying quality.

Asset sub-class	3–6 months	12–24 months	Analysis
Government bonds	→↗	↗	The 5-year government bonds in dollars are yielding 4.4% and in euros 2.5% (Germany) to 3.6% (Italy) - in any case significantly lower than in the USA.
Corporate bonds	→↗	↗	We see considerable yield potential in corporate bonds with a medium credit rating. Government bonds remain suitable for highly conservative portfolios.
High-yield, hybrid bonds	↗	↗	On a risk-adjusted basis, hybrid bonds remain interesting, but we have partially realized the (in some cases very) pleasing price gains in the first half of the year.

Zugerberg Finanz bond solutions

Yields to maturity at a fair level



12 years "Credit Opportunities" vs. Swiss bond index and vs. world bond index (Source: Bloomberg Finance L.P. | Graphic: Zugerberg Finanz)

In the first half of 2024, the global bond index clearly headed south (-1.9%). As yields on the most important five- and ten-year government bonds rose by around 50 basis points, their prices slipped back. Corporate bonds fared less badly. With the Zugerberg Income Fund, the total return after the first six months was -0.8%. The Credit Opportunities Fund, which focuses more on credit risk premiums, has achieved a return of +4.3% in the year to date.

The Zugerberg Income Fund (ZIF) had a strong month in June (+0.7%). The Credit Opportunities Fund (COF), on the other hand, with its significantly lower duration, grew less (+0.3%). This is due to the nature of the two investment vehicles and was expected as such.

The ZIF contains 304 bonds, which are selected according to particularly disciplined procedures and combined to form a conservative vehicle. This is the most heavily weighted in the conservative portfolios. In particular, it acts as a risk buffer in times of economic volatility. In the run-up to or at the onset of a recession, when equity markets typically record falling prices, this vehicle is best able to perform its function as a risk buffer.

Significant price gains can then be expected. Conversely, if the global economy performs better than expected and the benchmark yields on ten-year government bonds rise virtually worldwide, the ZIF will not be able to escape this market trend.

The COF contains 179 bonds from companies whose robustness we

are convinced of, even in challenging times. There have certainly been misjudgements in this respect (e.g. at milk processor Hochdorf or debtor-in-possession manager Intrum), but the number of actual bankruptcies has remained relatively low over the past 12 years. It is important to achieve sufficient risk premiums to cope with isolated difficult situations. This is because there are always macroeconomic developments that can have a massive impact on a bond portfolio.

One major event was the outbreak of the pandemic in spring 2020, which cast doubt on the ability of many companies to pay interest and repay debt. If, for example, you held a bond from the Geneva-based cruise line MSC and its ships remained anchored in ports for months, such an event certainly has a significant impact on the corresponding bond price.

A second major event was the globally synchronized interest rate hikes that began in 2022 on a scale that we had never seen in the past 50 years. This pushed the Swiss Bond Index and the World Bond Index ("Global Aggregate") deep into negative territory, from which they have still not recovered.

By contrast, the COF has gained around 8% in the last 9 months and is now 30.6% (after all costs and fees) higher than 12 years ago.

This results in a remarkable return of 2.3% in Swiss francs, an outperformance of almost 2% annually. For this long-term performance, the fund has been awarded the top rating of 5 stars by the rating agency Morningstar.

	Zugerberg Income Fund	Credit Opportunities Fund
Yield in 2024 (since the beginning of the year)	-0.8%	+4.3%
Yield since the start (annualized)	-9.2% (-1.6%)	+30.6% (+2.3%)
Proportion of months with positive yield	53%	67%
Credit risk premium in basis points (vs. previous month)	117 BP (+10 BP)	523 BP (+27 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

Cooling inflation as a value driver



Residential property in Walchwil, Canton Zug (Photo: Andreas Busslinger)

As inflation cools and key interest rates fall, valuers will not be able to avoid reducing their discount rates for future cash flows from real estate (e.g. rental income) and infrastructure assets (e.g. user fees). As these are investments with a characteristically high duration, even a slight application of a lower discount rate has a high value effect.

Let’s assume that a tenancy results in a monthly net rent of CHF 2,000 or CHF 24,000 per year. Since this is also to be expected in the coming years, all future income can be discounted to the present value. At a discount rate of 4%, this amounts to CHF 624,000; at a discount rate of 3%, the value of the capital investment amounts to around CHF 824,000, i.e. CHF 200,000 more.

This is why it was so important for the economy that the Swiss National Bank was able to quickly return to lower interest rates. A year ago, some economists still seemed convinced that the key interest rate would have to go to 2.0% (which would be accompanied by mortgage rates of 3.0%).

Following two cuts, the SNB key rate is now at 1.25% – with the hope that it will be reduced to 1.0% in September or December following the monetary policy assessment by the SNB Governing Board, which will soon be chaired by Martin Schlegel. Long-term mortgage loans are already available again for significantly less than 2.0%.

This is affecting the Swiss real estate market and asset conditions in

a variety of ways. On the financing side, households with money market mortgage loans will see immediate relief. The lower financing costs are factored into the reference interest rate and thus also reduce the risk of a rent increase, which eases the burden on tenant households.

The price development of residential property is supported by the improved financing conditions, and the transaction market for residential investment properties is likely to pick up again as a result. Both of these factors are creating a wealth effect and ultimately a good outlook for rising consumer spending and sustained construction investment.

In addition, there are strongly delayed effects for pension funds and insurance companies, which prefer to enrich their portfolios with up to 20% Swiss residential investment properties in order to meet their long-term liabilities.

Higher valuations are also to be expected here because institutional investors are much more likely than private owners of investment properties to take advantage of every opportunity to increase yields (e.g. by raising the reference interest rate to 1.75% on December 1, 2023).

Higher rental income and lower discount rates will increase the overall performance of institutional investors, which at the same time equates to a higher coverage ratio and brings prospective benefits for all beneficiaries in active working life.

Asset sub-class	3–6 months	12–24 months	Analysis
Residential properties CH	↗	↗	Strong immigration brings economic benefits, but is probably the main cause of a persistent housing shortage in large centers.
Office and retail properties CH	→	↗	The transaction market has stalled due to the numerous uncertainties, but should pick up in the second half of the year.
Real Estate Fund CH	→	↗	Listed real estate funds increased slightly up to the end of June (+3.4%). Further increases are not expected in the immediate future.
Infrastructure Equity / Fund	↗	↗	The interest rate cuts are a blessing for combined real estate and infrastructure stocks such as Zurich Airport (+16.3% total return since 1.1.2024).

Equity

Prepare for lower interest rates



Using artificial intelligence and automation to increase productivity and work efficiency (Image source: stock.adobe.com)

For the second half of the year, the entire portfolio should be prepared for an environment with lower interest rates. Globally, the lower yield prospects on cash should ensure that surplus capital returns to the equity markets. This could benefit European securities in particular, which are still cheap by historical standards and yield significantly higher returns than those on cash or government bonds.

Global monetary easing may be neither rapid nor synchronized, but it is happening. Almost all major central banks are now on track to cut interest rates. Of the 23 major central banks listed in Bloomberg Economics' quarterly guide, only the Bank of Japan is not expected to cut policy rates in the next 18 months.

Most central banks will ease this year, lowering borrowing costs for households and businesses. According to its own forecasts, even the Federal Reserve will make a few interest rate cuts. Overall, the current global reference interest rate compiled by Bloomberg Economics is estimated to be around 155 basis points lower by the end of 2025.

This also opens up investment opportunities for those companies that are pursuing their growth prospects with debt capital. So far, companies with strong cash flows in particular have been able to hold their own on the stock markets. Macroeconomic uncertainties certainly remain, but these are not exceptional in their dimension. What is new, however, is the current investment activity surrounding artificial intelligence (AI). This also opens up new investment

opportunities.

This is not just about the Nvidia share, but about all companies that use AI to increase their productivity. The market dynamics of transformative technology are often overestimated in the short term, but underestimated in the longer term.

It is becoming apparent that we are dealing with a fundamental change in this regard, which will have a significant impact on numerous industries: For example, in the accelerated research of active pharmaceutical ingredients, in the data processing of customer information and in industrial manufacturing as a whole, as well as in the upstream logistics of components from all over the world and the downstream delivery of products to their points of sale. The prospect of lower interest rates and the benefits of technological change will improve the breadth of the upturn on the equity markets.

In terms of geography, we do not see the US equity market as unusually attractive apart from the tech giants. In addition, market volatility could increase in the run-up to the November elections. As US equities now make up 70% of the world equity index, this also applies to global passive ETF investors.

We deliberately position ourselves heavily in Swiss equities, supplemented by selected European equities and US techs, which is associated with lower portfolio fluctuations and more stable profit expectations.

Asset sub-class	3-6 months	12-24 months	Analysis
Equity Switzerland	↗	↗	The risk in equity allocation can be reduced in many ways through the disciplined selection of profitable, sustainable business models.
Equity Eurozone, Europe	↗	↗	If you want to achieve consistent returns regardless of the market environment, you cannot avoid European AI stocks such as SAP and Schneider Electric.
Equity USA	→↗	↗	AI is perhaps the most disruptive technology cycle since the invention of the internet. The spotlight is still on a few tech giants.
Equity Emerging markets	↗	↗	We are primarily interested in structural, high-quality growth potential over a longer period of time, which we (selectively) find in India.

Alternative investments

Attractively valued private market investments



(Image source: stock.adobe.com)

Despite very solid performance, many investment companies and some active asset managers remain attractively valued. Interest rate cuts favor their environment. This also applies to the broadening of the product range. In addition, many investments are trading at a discount of 30%. This is being reduced in some places by means of share buyback programs. High dividends also characterize this segment.

Private market investments are becoming an increasingly important part of the overall allocation of pension funds and wealthy individuals alike. Only recently, Nestlé’s pension fund announced its strategic asset allocation for the next few years after analyzing the overall situation of the economy, capital markets and its own liabilities (so-called “ALM Asset & Liability Management” analysis). This comprises 28% listed equities and 7% non-listed equities, i.e. out of a total equity allocation of 35%, one fifth will be invested outside the stock markets.

Twenty or ten years ago, this proportion was much lower. This applies to almost every institutional investor worldwide. In future, the proportion of private market investments in the portfolios of pension funds, foundations, insurance companies and banks is likely to increase further, as recent surveys have shown. However, the focus will not simply be on the typical “buyout” segment. Instead, a broad range of alternative investments has developed over the past 20 years that reduce the volatility of a portfolio.

Those who do not hold private market investments directly can invest in the “listed private equity” segment and thus benefit from the structural growth trend. The daily traded investment companies generally hold large positions in private equity, private debt and private infrastructure on their own balance sheets.

Of particular interest to patient investors is the fact that the portfolios of private equity funds are currently being traded at a high discount of 30% – i.e. at a market value that is much lower than the long-term average and often appears attractive compared to the valuations of listed companies. At the same time, key operating figures at portfolio level such as EBITDA indicate noticeable improvements in recent quarters. These are the result of value-enhancing measures such as operational efficiency improvements, additional acquisitions and international expansion.

Disposal transactions (exits via strategic buyers or IPOs, as in the case of Galderma on the Swiss stock exchange) are likely to act as additional value drivers in the coming quarters. Share buyback programs are also being used by investment companies to efficiently return capital to investors and reduce the discount. In general, falling interest rates not only create optimal conditions for financing private equity deals and thus have a positive effect on returns; they also generally have a positive impact on sentiment on the capital markets.

Asset sub-class	3–6 months	12–24 months	Analysis
Commodities	→	→↗	Western sanctions continue to be imposed on oil products from Russia, making them cheaper for buyers (China, India) and generally depressing global market prices.
Gold, precious metals	↗	→	The gold price moved sideways in the second quarter. However, the consolidation since April may also be seen as a breather in the upward trend.
Insurance Linked Securities	→↗	↗	We continue to be satisfied with the ILS solutions, which are used exclusively in the vested benefits strategies due to their liquidity.
Private equity	↗	↗	Since the launch of the Listed Private Equity solutions, both active and passive vehicles have significantly outperformed the broad equity market.

Market data

Asset class	Price (in local currency)			Monthly / YTD / Annual performance (in CHF)			
		30.06.2024	06/2024	2024 YTD	2023	2022	2021
Equity							
SMI	CHF	11'993.8	-0.1%	+7.7%	+3.8%	-16.7%	+20.3%
SPI	CHF	15'919.3	-0.5%	+9.3%	+6.1%	-16.5%	+23.4%
DAX	EUR	18'235.5	-3.1%	+12.9%	+13.1%	-16.3%	+10.4%
CAC 40	EUR	7'479.4	-8.0%	+2.8%	+9.6%	-13.9%	+23.6%
FTSE MIB	EUR	33'154.1	-5.5%	+13.3%	+20.4%	-17.3%	+17.3%
FTSE 100	GBP	8'164.1	-2.5%	+12.0%	-0.3%	-8.8%	+16.7%
EuroStoxx50	EUR	4'894.0	-3.5%	+12.2%	+12.1%	-16.0%	+16.0%
Dow Jones	USD	39'118.9	+0.6%	+11.1%	+3.5%	-7.7%	+22.2%
S&P 500	USD	5'460.5	+2.9%	+22.6%	+13.1%	-18.5%	+30.6%
Nasdaq Composite	USD	17'732.6	+5.4%	+26.5%	+30.6%	-32.3%	+25.0%
Nikkei 225	JPY	39'583.1	0.0%	+10.9%	+8.6%	-19.7%	-2.6%
Sensex	INR	79'032.7	+6.4%	+16.9%	+7.4%	-4.8%	+23.2%
MSCI World	USD	3'511.8	+1.4%	+18.6%	+10.8%	-18.5%	+23.7%
MSCI EM	USD	1'086.3	+3.0%	+13.6%	-2.6%	-21.5%	-1.8%
Bonds (mixed)							
Glob Dev Sov (Hedged CHF)	CHF	152.0	+0.5%	-2.2%	+2.2%	-13.2%	-3.0%
Glob IG Corp (Hedged CHF)	CHF	181.2	+0.4%	-1.7%	+4.2%	-16.7%	-2.0%
Glob HY Corp (Hedged CHF)	CHF	345.8	+0.3%	+1.9%	+8.7%	-13.6%	+1.4%
USD EM Corp (Hedged CHF)	CHF	266.4	+0.3%	+0.3%	+4.5%	-18.2%	-2.7%
Government bonds							
SBI Dom Gov	CHF	181.6	+3.5%	+1.1%	+12.5%	-17.0%	-4.2%
US Treasury (Hedged CHF)	CHF	137.6	+0.7%	-2.9%	-0.5%	-15.0%	-3.5%
Eurozone Sov (Hedged CHF)	CHF	175.8	+0.0%	-3.2%	+4.8%	-18.9%	-3.7%
Corporate bonds							
CHF IG Corp (AAA-BBB)	CHF	184.6	+1.5%	+1.6%	+5.7%	-7.5%	-0.5%
USD IG Corp (Hedged CHF)	CHF	183.7	+0.3%	-2.5%	+3.5%	-18.5%	-2.3%
USD HY Corp (Hedged CHF)	CHF	589.8	+0.6%	+0.6%	+8.5%	-13.7%	+4.1%
EUR IG Corp (Hedged CHF)	CHF	163.4	+0.5%	-0.7%	+5.9%	-14.1%	-1.2%
EUR HY Corp (Hedged CHF)	CHF	291.6	+0.1%	+1.6%	+9.8%	-10.9%	+3.2%
Alternative investments							
Gold Spot CHF/kg	CHF	67'234.9	-0.4%	+19.4%	+0.8%	+1.0%	-0.6%
Commodity Index	USD	101.0	-2.5%	+9.6%	-20.4%	+15.1%	+30.8%
SXI SwissRealEstateFunds TR	CHF	2'419.5	+2.4%	+3.4%	+5.4%	-17.3%	+7.6%
Currencies							
US dollar / Swiss franc	CHF	0.8988	-0.4%	+6.8%	-9.0%	+1.3%	+3.1%
Euro / Swiss franc	CHF	0.9628	-1.6%	+3.7%	-6.1%	-4.6%	-4.0%
100 Japanese yen / Swiss franc	CHF	0.5582	-2.7%	-6.4%	-15.4%	-11.0%	-7.5%
British pound / Swiss franc	CHF	1.1364	-1.2%	+6.0%	-4.2%	-9.3%	+1.9%

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