

Bröchliweg, Oberwil, City of Zug (Photo: Andreas Busslinger)

## Focus on interest rate cuts

A number of central banks are due to assess their monetary policy in September. In many places, this is likely to involve cuts in key interest rates. This no longer comes as a surprise to many. How the respective central banks argue and how they approach the next steps beyond September will play an important role. Capturing capital market expectations is important. Over the summer, there was a cacophony of messages from the world's largest central bank, the US Federal Reserve (Fed), which proved unhelpful and contributed to the market turbulence at the beginning of August. By contrast, clear statements at the much-noticed central bank meeting in Jackson Hole at the end of August sent a jolt of confidence through all capital markets and lifted the share indices to all-time highs (equally weighted S&P 500, Swiss Market Index incl. dividends, Euro Stoxx 50, etc.).

At the beginning of August, the global capital markets, particularly

in Tokyo and New York, were jolted by fears of recession. However, these evaporated thanks to the flow of macroeconomic data. Facts allowed the stock markets to recover. Retail sales in the USA and Europe suggest that consumption remains robust. In addition, consumer sentiment rose on both sides of the Atlantic. The labor market situation is tense, but not overheated. Overall, the slight slowdown in the US economy and the moderate acceleration in Europe (France, Spain, UK) were confirmed. Switzerland's GDP is growing faster than expected at an annualized rate of +2.0%.

In Asia, the growth pole is shifting from a weakening China to India, which is increasingly offering itself as an alternative workplace and has high human and financial resources. In China, on the other hand, industrial production and net lending by banks to private households and companies were disappointing. In July, it was negative for the first time in 20 years.

## After a volatile start, the SMI ended at 12'436 points

The Swiss Market Index rose slightly in August (+1.0%). Although the US indices rose slightly more (e.g. S&P500 +2.3% in USD), the dollar lost more than 3% and the net effect even turned negative (e.g. S&P500 -1.2% in CHF).

Bonds had a positive month. The Swiss Bond Index (+0.3%) rose slightly in August. The yield on our bonds was noticeably higher. This meant that portfolios with a strong bond component were once again able to enjoy a positive monthly result.

In defensive risk class 1 (e.g. Revo1 with a high proportion of bonds at +2.8%), the return has been clearly positive since the start of the year. In the "balanced" risk class 3 (e.g. Revo3 with +9.3% and R3 with +10.0% since the beginning of the year), the total return is at a

very good level.

The dynamic risk classes 4 and 5 (e.g. Revo4 with +11.9% and Revo5 with +13.7% since the beginning of the year) are well above the expected long-term annual returns. The performance of dividend solutions (e.g. RevoDividends with +11.8%) benefited from the strong recovery of European dividend stocks in August. The non-dividend US growth stocks, some of which posted significantly negative performance in Swiss francs in August (e.g. Amazon -9%, Alphabet -9%, Microsoft -4%, Nvidia -1%), are the most heavily weighted in the strategy solutions in categories 4 and 5. The negative performance only had a moderate impact because we had previously reduced the positions – almost at their highs for the year.

Strategies mainly based on individual titles

	Strategy performance*	
	August 2024	YTD 2024
Zugerberg Finanz R1	+0.5%	+2.9%
Zugerberg Finanz R2	+0.1%	+6.5%
Zugerberg Finanz R3	+0.1%	+10.0%
Zugerberg Finanz R4	-0.1%	+11.8%
Zugerberg Finanz R5	-0.1%	+12.2%
Zugerberg Finanz RDividends	+0.4%	+11.5%
Zugerberg Finanz Revo1	+0.5%	+2.8%
Zugerberg Finanz Revo2	+0.2%	+6.3%
Zugerberg Finanz Revo3	+0.1%	+9.3%
Zugerberg Finanz Revo4	-0.2%	+11.9%
Zugerberg Finanz Revo5	-0.2%	+13.7%
Zugerberg Finanz RevoDividends	+0.5%	+11.8%
Zugerberg Finanz DecarbRevo3	-0.7%	+1.5%
Zugerberg Finanz DecarbRevo4	-1.1%	+0.8%
Zugerberg Finanz DecarbRevo5	-1.2%	+0.2%

Zugerberg Finanz Vested benefits

	Strategy performance*	
	August 2024	YTD 2024
Zugerberg Finanz Vested benefits R0.5	+0.6%	+1.2%
Zugerberg Finanz Vested benefits R1	+0.8%	+3.1%
Zugerberg Finanz Vested benefits R2	+0.3%	+5.3%
Zugerberg Finanz Vested benefits R3	+0.3%	+8.1%
Zugerberg Finanz Vested benefits R4	+1.0%	+9.4%

Zugerberg Finanz 3a pension solution

	Strategy performance*	
	August 2024	YTD 2024
Zugerberg Finanz 3a Revo1	+0.5%	+2.8%
Zugerberg Finanz 3a Revo2	+0.2%	+6.3%
Zugerberg Finanz 3a Revo3	+0.1%	+9.3%
Zugerberg Finanz 3a Revo4	-0.2%	+11.9%
Zugerberg Finanz 3a Revo5	-0.2%	+13.7%
Zugerberg Finanz 3a RevoDividends	+0.5%	+11.8%
Zugerberg Finanz 3a DecarbRevo3	-0.7%	+1.5%
Zugerberg Finanz 3a DecarbRevo4	-1.1%	+0.8%
Zugerberg Finanz 3a DecarbRevo5	-1.2%	+0.2%

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

Macroeconomics

## Reassuring macroeconomic data flow



(Image: stock.adobe.com)

The state of the economy was discussed in detail at the economic policy symposium in Jackson Hole (US). Fears of stubborn inflation and a hard landing for the US economy were allayed. The purchasing managers' indices signal an orderly cooling of the post-pandemic heated US economy. Consumer sentiment remains robust, as underlined by the rise in the University of Michigan's consumer sentiment index (from 66.4 to 67.8 in July). This means that real GDP growth in the US is likely to exceed 2% in the second half of the year.

GDP growth forecasts have risen worldwide. Just a few weeks ago, Europe was forecasting +1.1% for the fall, but this has now risen to +1.3%. In addition, growth is likely to increase to +1.5% in the coming year. These are not gigantic changes, but they are positive and heading in the right direction. In Switzerland, with the highest population growth of +1.7% in 2023, GDP is likely to grow much faster this year (+2.5%). The stable unemployment figures and the low number of job vacancies suggest that the economy is looking for additional workers.

The global business climate remains in positive territory at 54.5 points. German companies generally have a lower sentiment, but there are signs of considerable improvement in southern Europe. This also applies to consumer sentiment, which has risen to 56.0 points (+2.4) in the last two months. The low inflation rate of +2.2% contributed to this. Interestingly, sentiment in Germany has risen

significantly. This is certainly also due to noticeable real wage increases, low inflation (+1.9% in August compared to the previous year) and new annual lows in petrol prices.

At around 73 dollars at the beginning of September, the price of North Sea oil fell to a new low for the year, lower than the 75 dollars achieved at the beginning of January. With a little planning, considerable savings can be made on fuel anyway, depending on the filling station and the time of day.

The leading economic indicators, which can be derived from country-specific purchasing managers' indices, are also positive at the beginning of September. The global trend is the same. In the resilient service sector, global values are well above 50. In August, the global index value was 53.3, indicating an acceleration in global economic growth. In the industrial sector, the global index value is 49.7, which corresponds to the same growth as last year and is not a cause for concern. There is a gap between the sectors everywhere, even in India's fast-growing economy, the values in the services sector are higher (PMI industry +58, PMI services +60).

The progress made in the fight against inflation cannot be overlooked. This does not mean that the all-clear is appropriate when it comes to inflation. But the relief on the price front will please every household budget, which is currently still benefiting from higher wage incomes and therefore higher purchasing power in real terms.

Region	3–6 months	12–24 months	Analysis
Switzerland	↗	↗	At the end of 2023, 8.96 million people lived in Switzerland, 146,900 more than in the previous year. Population and GDP growth is likely to continue in 2024/25.
Eurozone, Europe	↗	↗	The lowest inflation since 2021 ensures positive consumer sentiment. For consumers, the prices of goods have hardly changed recently.
USA	↗	↗	GDP growth remains robust thanks to consumption, the labour market and record-high investment in AI, which is revolutionizing economic processes.
Rest of the world	↗	↗	The MSCI Emerging Markets excluding China Index (25% of which relates to India) is attracting more and more investors. Price momentum is positive, as is GDP.

Liquidity, currency

## The appreciation of the euro comes as no surprise



The Euro has become a stronger currency in the last 12 months (Source: Bloomberg Finance LP | Graphic: Zugerberg Finanz)

The euro has strengthened against the dollar since the end of June (+3.1%). It seems to have settled above the 1.10 mark for the time being. However, the most important currency pair on the foreign exchange market is debating whether this is a strengthening of the euro or a continued weakness of the dollar. Since its high at the end of April, the dollar has fallen sharply against the franc (-7.6%).

Since June 26, the euro has gained 3.4% against the dollar. The euro has remained fairly stable against the franc. The franc also gained against the dollar. The exchange rate fell from CHF 0.90 to 0.85 (-5.3%) in the corresponding period. This is a subtle indication that it is less a case of euro strength than dollar weakness.

The momentum of dollar weakness could intensify with falling interest rates and declining yields on dollar bonds. Some believe that the dollar cannot weaken any further because interest rate cuts to 3.0% to 3.25% are already priced in. However, the fact is that the dollar is trading at just under 0.82 on the futures market at the end of August 2025 and at less than 0.80 at the end of August 2026.

However, if, contrary to expectations, weak economic data from the US arrives, this could cause the dollar to fall a little further and the euro to appreciate above 1.14. Dollar investments should therefore be treated with a little more caution than euro investments. In Europe, equities with high dividends are competing with bonds,

whose yields have already started their downward trend with expectations of interest rate cuts. The less restrictive interest rate and monetary policy of the European Central Bank (ECB) ultimately also ensures fairly stable expectations and explains to some extent the lower currency and share price fluctuations compared to the USA.

The time has certainly come for interest rate cuts in the USA. The exact procedure remains unclear, as does the extent in the coming weeks and months. There is more consensus about the next 12 to 15 months. There are likely to be a total of eight interest rate cuts totaling 200 basis points. However, these firm expectations of interest rate developments have not yet been incorporated into analysts' discounting considerations. As a result, profit forecasts for 2025/26 are likely to increase significantly as a result of the de facto interest rate cuts, particularly in the non-technology-related corporate sector, and the valuations of real estate and infrastructure investments are likely to be higher.

The most important analysts are fairly unanimous in this medium-term assessment. However, the robustness of the US economy should not be underestimated. The stronger the economic momentum, the less urgent it is for the Federal Reserve (Fed) to act. In the recent past in particular, analysts have misjudged the macroeconomic data in the US and thus raised expectations of the Fed that would not have been appropriate in view of real growth (e.g. annualized +3.0% in the second quarter).

Asset class	3-6 months	12-24 months	Analysis
Bank account	↘	↘	Account interest rates are once again tending towards 0% and will again lead to a real loss in value in 2024.
Euro / Swiss franc	→	→	The ECB is likely to cautiously lower its key interest rates further in September. This is unlikely to have any impact on the exchange rate.
US dollar / Swiss franc	↘	↘	At just under 0.85, the spot rate of the dollar is at a low level due to interest rates and the annualized hedging costs remain high at more than 4%.
Euro / US dollar	→↗	→↗	As already mentioned a month ago, the euro has recently made clear gains against the dollar, which could continue until the end of the year.



Bonds

## Successful bonds in August



Performance in the European crossover bond segment (Source: Bloomberg Finance LP | Graphic: Zugerberg Finanz)

The turbulence on the equity markets remained isolated. The bond markets reacted relatively mildly and concerns about a recession were not shared by the otherwise rather pessimistic bondholders. Credit risk premiums hardly widened at all. Instead, the bond markets focused on the potential for interest rate cuts in the dollar and euro zone over the next 12 months. This caused the total return on our bond solutions to rise to new annual highs.

In the last five years, government bonds have not generated any positive returns, but corporate bonds have – especially in the popular crossover segment, the solid segment in which substantial credit risk premiums are also incurred.

Large credit markets have not recently been as nervous as large equity markets. Credit spreads widened somewhat and, as experience shows, take longer to narrow again. The iTraxx Crossover 5-Year Total Return Index stood at 248.5 at the end of July, fell briefly to 243.8 (-1.9%) and ended the month of August at 250.7, which is significantly higher than at the beginning of the year (+4.9% in euros). It is therefore clear that good money can be made with corporate bonds this year, even after the cost of currency hedging.

The economy remains robust enough to avoid a recession. Markets scaled back expectations for a 50 basis point rate cut by the Fed on September 18, with pricing now consistent with a 25% probability of a 50 basis point cut and an almost 100% probability of a 25 basis

point cut. Pricing for the last meetings of the year (November 7 and December 18) is largely unchanged, with markets still expecting a 25 basis point cut each time, meaning we will see rate cuts of probably 75 basis points by the end of the year.

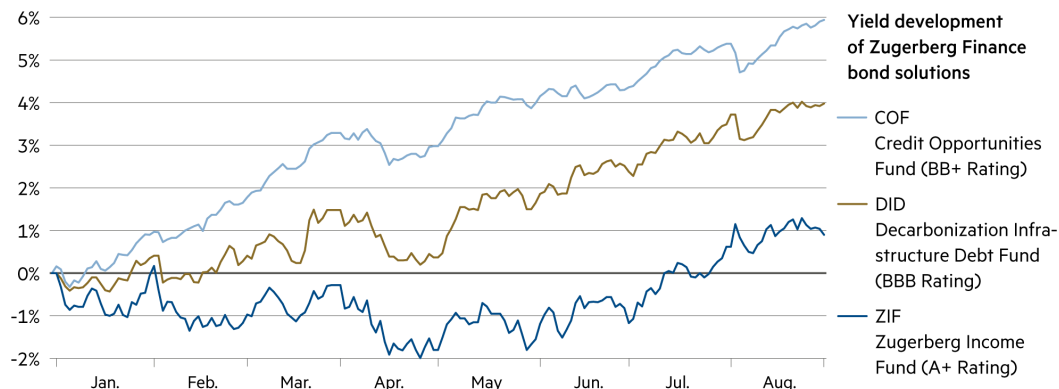
As the economy continues to perform well, we see upside potential for the current market prices of corporate bonds. Failure by the Fed to cut rates would hurt the labor market, which has had to cope with an increase in unemployment from 3.7% to 4.3% (+0.6%) since its low point. Maintaining a high key interest rate in such a phase, while inflation is falling, would de facto tighten monetary policy further. This makes no sense whatsoever, especially as the latest economic data gives more factual confidence that inflation is under control. It is now time to make an adjustment in order to fulfill the monetary policy mandate (full employment and price stability).

The current environment makes investing in the crossover sector particularly interesting. This refers to solid companies with a rating roughly in the middle of the AAA to CCC scale, namely BBB to BB. “Defaults or bankruptcies are extremely rare in this segment. Some companies that have suffered particularly badly during the pandemic (e.g. cruise companies such as Carnival Corporation and airline caterers such as Gategroup) are already rated with a “positive outlook”. A rating review could lead to a better rating in the next 12 months.

Asset sub-class	3–6 months	12–24 months	Analysis
Government bonds	→↗	↗	The government bond-heavy global bond index has generated a total return of -11.9% in Swiss francs over the last five years (and only +0.3% in 2024).
Corporate bonds	↗	↗	We continue to see solid return potential in corporate bonds with a medium credit rating (“crossover”) - currency-hedged in CHF.
High-yield, hybrid bonds	↗	↗	Subordinated bonds from financial and industrial companies have performed well over the last 12 months. We believe it continues.

Zugerberg Finanz bond solutions

## Good development continues



Yield development of our bond solutions in Swiss francs 01.01.2024 to 31.08.2024 (Source: Bloomberg Finance LP | Graphic: Zugerberg Finanz)

**Bonds are on the road to recovery. The conservatively oriented Zugerberg Income Fund (ZIF) has achieved a total return of +0.9% since the beginning of the year. The Credit Opportunities Fund (COF), which focuses more on credit risk premiums, is now significantly higher than at the start of the year (+5.9%), with only minor fluctuations. COF's Sharpe ratio of 4.2 is three times higher than that of the peer group.**

In recent years, we have not always been proud of our bond solutions. A particular challenge was the Russian attack on Ukraine and later the sharpest central bank rate hikes in the last 50 years. In the meantime, the macroeconomic data picture has changed. Falling inflation rates are allowing key interest rates to fall. This process is more advanced in Switzerland than abroad (dollar, euro, pound). There is still considerable potential for key interest rate cuts in the next 12 to 18 months, from which bond prices will benefit.

The first part of the recovery took place in 2023. The ZIF rose by 6.0% last year and the COF by 4.5%. This year, the tide turned in favor of credit risks. It was not yet possible to earn too much with interest rate risks. The world bond index (hedged in Swiss francs) has so far delivered a total return of +0.3% in eight months; the ZIF, which is also based worldwide, outperformed this index with +0.9%.

Credit risks are looking even better. Because the global economy is

growing robustly, there are hardly any bankruptcies. With disciplined selection, the COF has therefore been able to outperform its benchmark indices by around two percentage points over the course of the year to date with less fluctuation. At 2.58, COF's volatility over the last 12 months was around 43% lower than that of its peer group at 4.58.

Many portfolios also include a low-cost bond fund from the Winterthur Investment Foundation. It goes by the abbreviation DID and can be located on Bloomberg under "AWIDID7". This fund supports future-oriented decarbonization projects with debt capital. The rating is between the top rating of ZIF and the crossover rating of COF. The yield in the current year is also somewhere in between (+3.9%) and makes an interesting diversification contribution to the overall portfolio.

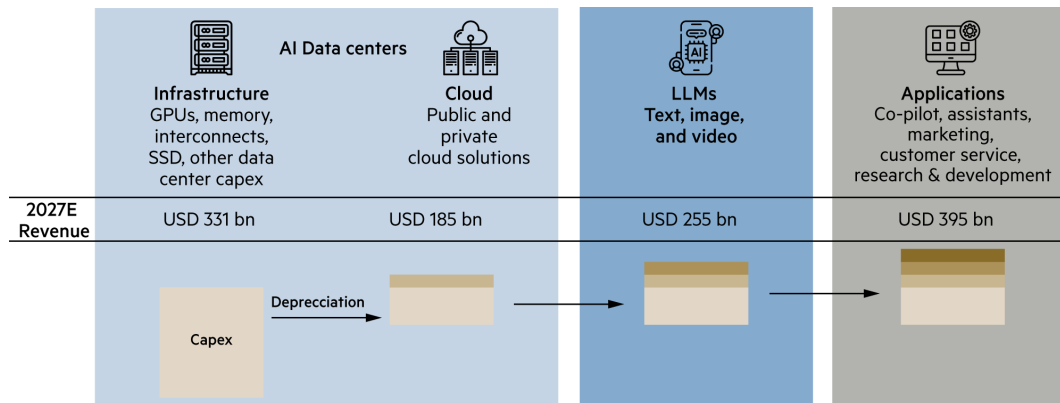
There were several purchases and sales in all bond categories last month. We would like to emphasize that the credit risks in ZIF were scaled back. In COF, some opportunities were taken to reinvest the funds released from bond redemptions. However, a significant portion of more than 10% of the fund is currently waiting for better opportunities. The issuance calendar in August was rather thin. Experience shows that it should pick up significantly from September to November, particularly in view of the falling interest rate outlook.

	Zugerberg Income Fund	Credit Opportunities Fund
Yield in 2024 (since the beginning of the year)	+0.9%	+5.9%
Yield since the start (annualized)	-7.6% (-1.3%)	+32.6% (+2.4%)
Proportion of months with positive yield	54%	68%
Credit risk premium in basis points (vs. previous month)	110 BP (+1 BP)	422 BP (-9 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

## Numerous opportunities thanks to AI Data Center



The opportunities presented by artificial intelligence (Graphic: Zugerberg Finanz)

In the current year, data centers have become the most important infrastructure investment area worldwide due to the demand for artificial intelligence (AI). This is likely to increase significantly until 2027. Huge investments in data centers and the cloud are needed before the applications can really spread. Annual investments will be required here that will exceed 500 billion dollars in just a few years.

Profit growth in the technology sector is still in double figures. It is also necessary in order to be able to make the upcoming investments. In the current year, the world's four largest providers of data center and cloud solutions alone will invest around 200 billion dollars in infrastructure, 31% more than in the previous year. These investments are driven by strategic positioning. It is better to gain an advantage as a "first mover" in AI at a high price than to become a mediocre follower.

However, it is not only Alphabet, Amazon, Microsoft and Apple that are active in this field, but also financial investors such as Black-Rock. In general, a hyperactive ecosystem of companies has developed within a very short space of time, combining complex technology components, building materials and chemicals, operational services including cybersecurity and energy supply, as well as manufacturers of cooling supplies.

AI opportunities are developing along the value chain. The infrastructure is needed first. This requires an "intelligence level". These are the adaptive language models that are currently awaiting their

applications in various forms and are being improved at a rapid pace. These ultimately enable applications such as Microsoft's Co-Pilot, etc.

The controversial algorithm in Tiktok is apparently to be fed by Microsoft's participation in OpenAI. Microsoft receives a reported 20 million dollars a month for this. The transparency guidelines in the US business reporting indicate that well-known customers buy the OpenAI models via Microsoft. These include AT&T, Coca-Cola, Fidelity, Volvo and Walmart. Other enterprise customers of OpenAI such as Zoom, Klarna and Salesforce are buying them directly from the AI startup.

Ultimately, a range of applications will emerge and contribute to the broad diffusion of AI solutions. In the medium term, there will be improvements in all sectors, and there will certainly be winners and losers. To be among the winners, a company must invest early to generate a data or competitive advantage. It has always been the case that the ability to learn and adapt quickly has produced the most successful innovations.

Infrastructure-linked assets have proven resilient in recent years, withstanding macroeconomic and interest rate pressures. According to preliminary data from Cambridge, infrastructure investments have returned around 7% p.a. in Swiss francs over the past decade. Due to the high barriers to entry, this figure could even rise slightly in the coming years.

Asset sub-class	3-6 months	12-24 months	Analysis
Residential properties CH	↗	↗	It is becoming increasingly difficult for tenants to find an apartment in larger cities. The housing market is barely functioning there.
Office and retail properties CH	→	↗	Investors are once again focusing on office properties with a special connection. Valuations are rising due to lower interest rates.
Real Estate Fund CH	→	↗	Indirect real estate investments did not have a good month in August. The total annual return of the SXI Swiss Real Estate Funds TR Index stagnated at +7.0%.
Infrastructure Equity / Fund	↗	↗	The changes in August remained very small. Some rose (e.g. Veolia with +3%, Vinci +2%), some fell slightly (e.g. Zurich Airport with -2%).

Equity

## Attractive equity risk premiums



(Image: stock.adobe.com)

The yield on Swiss government bonds has fallen significantly – to a meagre 0.5% annually for the next ten years. This should not even compensate for inflation and thus the loss of purchasing power. We therefore consider the returns that can be achieved with equities to be increasingly attractive. Profits are likely to rise, but even now the earnings yield in our portfolios is often 6% higher than that of the safest bonds.

There are various approaches to calculating the equity risk premium. What all approaches have in common is that they aim to calculate the return an investor receives for taking risks over and above the risk-free return. Normally, the risk-free return is represented by that of government bonds. For a Swiss share, the yield on Swiss government bonds is used; for an American share, the yield on US Treasury bonds is used.

The expected market return on the risky investment is used to calculate the premium. In general, this is compensation for the financial risk assumed by the investor in order to bear the uncertainty associated with an investment. The level of the risk premium is influenced by several factors, including the economic situation and outlook, fluctuations on the capital markets and investor sentiment.

If you take a selective approach, you will find some market-leading companies on the Swiss equity market that are likely to generate solid market returns in the coming years thanks to promising growth. This is where our focus lies, but not all sectors can be covered well with domestic securities.

Our portfolios are therefore rounded off with European and American equities and diversified in terms of sectors. However, we only take on the corresponding equity risk if there is a high probability that the expected market return will exceed the increased risk-free rate (2.3% in euros and 3.9% in dollars).

This results in a diverse portfolio that is able to benefit from growth opportunities in all major economic regions of the world. However, the positive risk premium does not accrue as regularly as the interest on a bond, but we use a few examples with more company-specific interpretations to show why we believe that investors are well compensated for taking the risks involved.

The global leader in product testing, the Geneva-based SGS Group (total return of +35% since the beginning of the year), is maneuvering on a promising growth path in the stable hands of a core shareholder with cost discipline. The flavor and fragrance group Givaudan (+27%), in which Microsoft founder Bill Gates is the most important anchor shareholder with just under 14%, is also convincing as a global market leader with its customer-oriented and shareholder-friendly management.

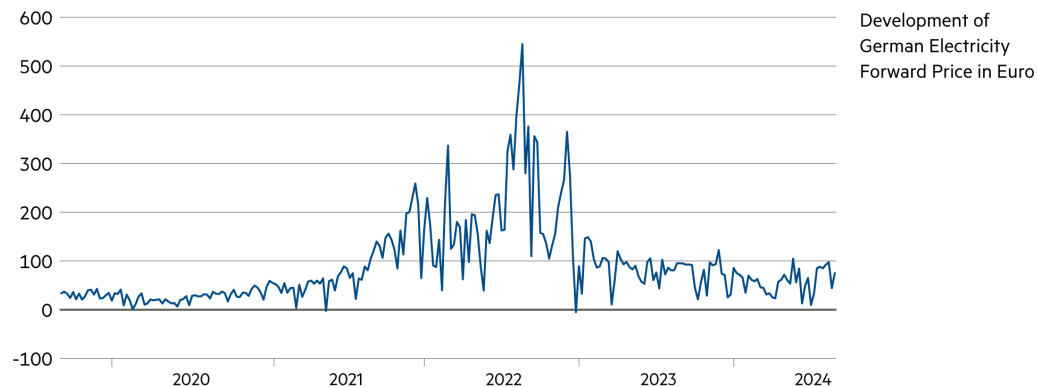
Accelleron (+73%), the turbocharged spin-off of the ABB Group, has already exceeded all key figures several times this year, including its own expectations. At SAP (+44%), Europe's largest IT group, there is also a sense that an investment is worthwhile because the expected long-term market return clearly exceeds the risk-free rate.

Asset sub-class	3–6 months	12–24 months	Analysis
Equity Switzerland	→↗	↗	Following Nestlé's weak share price performance (-7% since the beginning of the year), we now see potential for a recovery - also thanks to the new CEO, who is familiar with Nestlé.
Equity Eurozone, Europe	↗	↗	The broad Stoxx Europe 600 Index with its low price/earnings ratio of 14.9 recently reached an all-time high of 523 points (+9.6% since the beginning of the year).
Equity USA	→↗	↗	The equally weighted S&P 500 (SPW Index) has no concentration of tech stocks and reached an all-time high of 7,116 points at the end of the month.
Equity Emerging markets	↗	↗	Our emerging markets focus fund from India has also recently (in August +1.2%) contributed to the year-to-date performance (+16.4%).



Alternative investments

## Electricity prices have a disinflationary effect



Development of German Electricity Forward Price in Euro (Quelle: Bloomberg Finance L.P. | Graphic: Zugerberg Finanz)

After a turbulent phase in the second half of 2021 and in 2022, European electricity prices have been disinflationary again since 2023. The year 2024 marks the transition to a new period of normalization. Characteristically, there will be an increasing number of times when wholesale electricity hardly yields anything. It is encouraging for Swiss households that electricity tariffs are tending to be (sharply) reduced.

For years, European wholesale electricity trading was characterized by moderate price levels of between €20 and €60 per megawatt hour. The feverish price trend rose to almost 700 euros (e.g. August 25, 2022) in the wake of tensions with Russia. In 2023, a sustained decline in wholesale prices set in, which should ease the burden on private households in the current and coming energy periods.

When electricity tariffs fall, electricity bills are typically lower – compared to the previous year. The good news of lower electricity tariffs in the future is currently reaching many Swiss households and typically results in savings of between one and several hundred francs a year. For the Central Swiss provider CKW, electricity prices in 2025 will fall to roughly the same level as in the year before the pandemic and the energy crisis. The price increases of the past two or three years will disappear again due to the 30% lower electricity tariffs.

At the same time, the night-time low tariff is disappearing in many places. Historically, the demand for electricity was highest at midday (which was reflected in a high tariff) and lowest at night (low tariff). Nowadays, photovoltaic systems ensure that surplus

electricity is available over midday on sunny days.

This is why some electricity suppliers are switching to uniform tariffs, but are considering seasonal patterns. Sooner or later, the summer tariff (with a lot of solar energy and European wind power) could be cheaper than the winter tariff (with imported French nuclear power).

Conventional electricity meters can be replaced by “smart” devices. This would allow power peaks to be priced more dynamically and electricity consumption to be better distributed. Those who distribute their consumption of dishwashers, washing machines and tumble dryers more evenly will reduce the load on the grid and consequently pay less than those who use all major electricity consumers at the same time.

However, the conversion of electricity generation to climate-friendly systems through the expansion of renewable energy is only making slow progress. The same circles that are in favor of funding often reject specific, sensible projects – with justifications such as nature and townscape protection. This is all the more annoying because the construction and operation of photovoltaic and wind energy systems has fallen significantly. However, an energy transition still generates a number of hidden costs. The transformation in households and in the private sector is fraught with conflict because it also involves high one-off investments and ongoing costs, as well as the expansion of energy transport and storage capacities and much more.

Asset sub-class	3–6 months	12–24 months	Analysis
Commodities	→	→↗	Geopolitical risks could have an impact on commodity prices. At the moment, however, the trend is more in favor of the opposite price development.
Gold, precious metals	↗	→	Gold surpassed the 2,500 \$/oz. mark for the first time in August, reaching a new all-time high. In Swiss francs, the gold price has stagnated for 5 months.
Insurance Linked Securities	→↗	↗	In terms of insurance-related risks, we also find reinsurers interesting, e.g. Swiss Re with a total return of +30% in the current year.
Private equity	↗	↗	The private equity component we use has returned +14% (in Swiss francs) since the beginning of the year, which is very satisfactory.

## Market data

Asset class		Price (in local currency)			Monthly / YTD / Annual performance (in CHF)		
		31.08.2024	08/2024	2024 YTD	2023	2022	2021
<b>Equity</b>							
SMI	CHF	12'436.6	+1.0%	+11.7%	+3.8%	-16.7%	+20.3%
SPI	CHF	16'504.2	+0.9%	+13.3%	+6.1%	-16.5%	+23.4%
DAX	EUR	18'906.9	+0.9%	+14.3%	+13.1%	-16.3%	+10.4%
CAC 40	EUR	7'631.0	+0.1%	+2.4%	+9.6%	-13.9%	+23.6%
FTSE MIB	EUR	34'372.7	+0.6%	+14.7%	+20.4%	-17.3%	+17.3%
FTSE 100	GBP	8'376.6	-1.1%	+12.9%	-0.3%	-8.8%	+16.7%
EuroStoxx50	EUR	4'958.0	+0.5%	+11.0%	+12.1%	-16.0%	+16.0%
Dow Jones	USD	41'563.1	-1.7%	+11.8%	+3.5%	-7.7%	+22.2%
S&P 500	USD	5'648.4	-1.2%	+20.1%	+13.1%	-18.5%	+30.6%
Nasdaq Composite	USD	17'713.6	-2.7%	+19.6%	+30.6%	-32.3%	+25.0%
Nikkei 225	JPY	38'647.8	-1.7%	+12.8%	+8.6%	-19.7%	-2.6%
Sensex	INR	82'365.8	-2.9%	+14.7%	+7.4%	-4.8%	+23.2%
MSCI World	USD	3'661.2	-0.9%	+17.1%	+10.8%	-18.5%	+23.7%
MSCI EM	USD	1'099.9	-2.0%	+8.9%	-2.6%	-21.5%	-1.8%
<b>Bonds (mixed)</b>							
Glob Dev Sov (Hedged CHF)	CHF	155.1	+0.7%	-0.2%	+2.2%	-13.2%	-3.0%
Glob IG Corp (Hedged CHF)	CHF	185.8	+0.8%	+0.8%	+4.2%	-16.7%	-2.0%
Glob HY Corp (Hedged CHF)	CHF	355.3	+1.4%	+4.7%	+8.7%	-13.6%	+1.4%
USD EM Corp (Hedged CHF)	CHF	274.3	+1.6%	+3.3%	+4.5%	-18.2%	-2.7%
<b>Government bonds</b>							
SBI Dom Gov	CHF	184.5	-0.3%	+2.7%	+12.5%	-17.0%	-4.2%
US Treasury (Hedged CHF)	CHF	141.3	+0.9%	-0.3%	-0.5%	-15.0%	-3.5%
Eurozone Sov (Hedged CHF)	CHF	179.7	+0.2%	-1.1%	+4.8%	-18.9%	-3.7%
<b>Corporate bonds</b>							
CHF IG Corp (AAA-BBB)	CHF	187.0	+0.2%	+2.9%	+5.7%	-7.5%	-0.5%
USD IG Corp (Hedged CHF)	CHF	189.5	+1.2%	+0.5%	+3.5%	-18.5%	-2.3%
USD HY Corp (Hedged CHF)	CHF	606.1	+1.2%	+3.4%	+8.5%	-13.7%	+4.1%
EUR IG Corp (Hedged CHF)	CHF	165.9	+0.1%	+0.8%	+5.9%	-14.1%	-1.2%
EUR HY Corp (Hedged CHF)	CHF	297.2	+1.0%	+3.5%	+9.8%	-10.9%	+3.2%
<b>Alternative investments</b>							
Gold Spot CHF/kg	CHF	68'379.2	-1.0%	+21.5%	+0.8%	+1.0%	-0.6%
Commodity Index	USD	96.1	-3.7%	-1.2%	-20.4%	+15.1%	+30.8%
SXI SwissRealEstateFunds TR	CHF	2'480.2	-0.2%	+6.0%	+5.4%	-17.3%	+7.6%
<b>Currencies</b>							
US dollar / Swiss franc	CHF	0.8496	-3.2%	+1.0%	-9.0%	+1.3%	+3.1%
Euro / Swiss franc	CHF	0.9390	-1.2%	+1.1%	-6.1%	-4.6%	-4.0%
100 Japanese yen / Swiss franc	CHF	0.5812	-0.7%	-2.6%	-15.4%	-11.0%	-7.5%
British pound / Swiss franc	CHF	1.1158	-1.2%	+4.1%	-4.2%	-9.3%	+1.9%

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