Dawn over the Rigi (Photo: Andreas Busslinger)

Final quarter often with positive returns

The final quarter in a calendar year goes often along with positive returns, characterized by a bright outlook. This will be again a key feature this year. After an overheated post-pandemic period, the global economy is gradually finding its way back to its normalization with lower but positive growth rates and a balanced labor market: supply chains are intact again, transportation costs are receding, and producer prices are once again more characterized by deflation than inflation.

This will soon be felt by consumers as well. In Germany, inflation has returned to pre-war Ukraine levels for the first time in two years. As real wages are expected to rise in the coming quarters, the economic outlook will improve. And in the United States, core inflation still increased only by 0.1% in August. This is price stability that should continue in the coming quarters.

Certainly, as a result of the exceptionally strong economy in recent months, oil prices approached $100 a barrell in the third quarter, raising monetary policy fears and pushing up bond yields. Bond markets may not yet believe in the interest rate peak, given the strong labor market. The cooling economy in the final quarter should bring back a positive sentiment in this respect. What happens to bond prices when interest rates rise was well observed by investors in 2022 and partly in 2023. The years 2024 to 2026 will now be interesting because the market will probably work the other way around and should provide positive returns.

Challenging September

The month of September ended with a disappointing performance for both bonds and equities. From the seasonal pattern, this is hardly surprising. September is considered the worst investment month in the entire calendar year. Bond indices lost between -0.5% and -3.0% last month as yields rose around the world. The world bond index (Global Aggregate Total Return Index hedged in Swiss francs) was in the middle of the pack at -2.1%. On the equity markets, the monthly return was between -1.5% (Swiss Market Index = SMI) and -5.8% (US tech index Nasdaq). The picture did not improve with real estate funds either. The corresponding Swiss Real Estate Funds Index is still at the same level as at the beginning of the year, while the SMI gained 2.2% during this period. In September, we achieved the positive difference to passive solutions in particular through our disciplined strategy of single stock selection.

Our Swiss equities suffered a loss of only 1.0% (in the “balanced” risk class 3 with approx. 36% Swiss equities) and 0.9% (in risk class 4) in September.

The portfolios suffered a moderate loss in the low risk classes, which could in fact have been much more pronounced due to bond prices. In risk class 1 with a maximum 20% share of equities (e.g. Revo1 -0.9%, R1 -0.6%), the return in September was slightly negative. This also applies to the strategies with a higher equity allocation. However, equities were the main reason for the decline in September (e.g. Revo4 and Revo5 -1.0% each). The liquid strategy solutions focused on dividends (e.g. RevoDividend +0.9%, R Dividend +1.0%) experienced a pleasing increase in value in September. In the full-year view, they continue to lead the way with a double-digit increase in returns.

Strategies mainly based on individual titles	Strategy performance*	
	September 2023	YTD 2023
Zugerberg Finanz R1	−0.6% ↘	+2.3% ↗
Zugerberg Finanz R2	−0.5% ↘	+4.8% ↗
Zugerberg Finanz R3	−0.5% ↘	+5.9% ↗
Zugerberg Finanz R4	−0.5% ↘	+7.4% ↗
Zugerberg Finanz R5	−0.3% ↘	+6.3% ↗
Zugerberg Finanz RDividends	+1.0% ↗	+10.1% ↗
Zugerberg Finanz Revo1	−0.9% ↘	+2.7% ↗
Zugerberg Finanz Revo2	−0.9% ↘	+5.3% ↗
Zugerberg Finanz Revo3	−1.0% ↘	+6.3% ↗
Zugerberg Finanz Revo4	−1.0% ↘	+7.6% ↗
Zugerberg Finanz Revo5	−1.0% ↘	+8.7% ↗
Zugerberg Finanz RevoDividends	+0.9% ↗	+11.2% ↗
Zugerberg Finanz DecarbRevo3	−2.7% ↘	−5.5% ↘
Zugerberg Finanz DecarbRevo4	−3.8% ↘	−8.3% ↘
Zugerberg Finanz DecarbRevo5	−4.8% ↘	−10.7% ↘

Zugerberg Finanz Vested benefits	Strategy performance*	
	September 2023	YTD 2023
Zugerberg Finanz Vested benefits R0.5	−0.9% ↘	+0.7% ↗
Zugerberg Finanz Vested benefits R1	−1.0% ↘	+1.7% ↗
Zugerberg Finanz Vested benefits R2	−0.9% ↘	+3.4% ↗
Zugerberg Finanz Vested benefits R3	−1.0% ↘	+3.9% ↗
Zugerberg Finanz Vested benefits R4	−0.9% ↘	+4.7% ↗

Zugerberg Finanz 3a pension solution	Strategy performance*	
	September 2023	YTD 2023
Zugerberg Finanz 3a Revo1	−0.9% ↘	+2.7% ↗
Zugerberg Finanz 3a Revo2	−0.9% ↘	+5.3% ↗
Zugerberg Finanz 3a Revo3	−1.0% ↘	+6.3% ↗
Zugerberg Finanz 3a Revo4	−1.0% ↘	+7.6% ↗
Zugerberg Finanz 3a Revo5	−1.0% ↘	+8.7% ↗
Zugerberg Finanz 3a RevoDividends	+0.9% ↗	+11.2% ↗
Zugerberg Finanz 3a DecarbRevo3	−2.7% ↘	−5.5% ↘
Zugerberg Finanz 3a DecarbRevo4	−3.8% ↘	−8.3% ↘
Zugerberg Finanz 3a DecarbRevo5	−4.8% ↘	−10.7% ↘

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

Macroeconomics

Normalizing of the business cycle

	Real GDP growth 2024e	Inflation 2024e	Nominal GDP growth 2024e
USA	1.5%	2.5%	4.0%
China	4.0%	1.0%	5.0%
India	6.0%	5.0%	11.3%
Eurozone	1.0%	3.0%	4.0%
Switzerland	1.0%	2.0%	3.0%

Estimated real and nominal GDP growth rates in 2024 (Graphic: Zugerberg Finanz)

A further phase of normalization in the global economy is emerging in the fourth quarter of 2023. In the current economic environment, emerging economies in Europe, Asia and Latin America are recovering faster than industrialized countries and returning to impressive growth rates. Post-pandemic distortions are also gradually coming to an end in Western economies, accompanied by changes in monetary and fiscal policy measures.

High post-pandemic growth rates in the OECD countries are currently being replaced by more moderate values. The daily routine of economic data is returning. Violent swings (transport costs, supply chain congestion, semiconductor capacities, raw material prices, etc.) belong to the past. So are the inflation dynamics of the past two years. Certainly, distortions in various labor markets will persist, as a significant portion of the labor force changed their life plans in the wake of the pandemic. However, the continued trend toward balance is realistic in this respect as well. Vacancies should not be overestimated. In fact, they serve as a signal of many companies that they will remain active on the labor market even in a low-growth period.

A good sign of normalization is consumer sentiment. There are signals that this is developing moderately in the western economies, based on the GDP forecasts. Signs of normalization can also be observed in cross-border tourism and in the inventory management and production processes of industrial companies. It can be emphasized everywhere that monetary policy is also normalizing. Whereas in past crises there was substantial support in the form of quantitative easing, this atypical generous support is now considered to be over. However, the farewell to "cheap money policy" failed to trigger any economic shock waves despite the cross-country regime change. Many companies have taken advantage of the low interest rate phase to finance themselves with foresight and for the longer term. This also applies to private households and their mortgage financing. In addition, banks are much better capitalized and more resilient than in the global crisis of 2008/09.

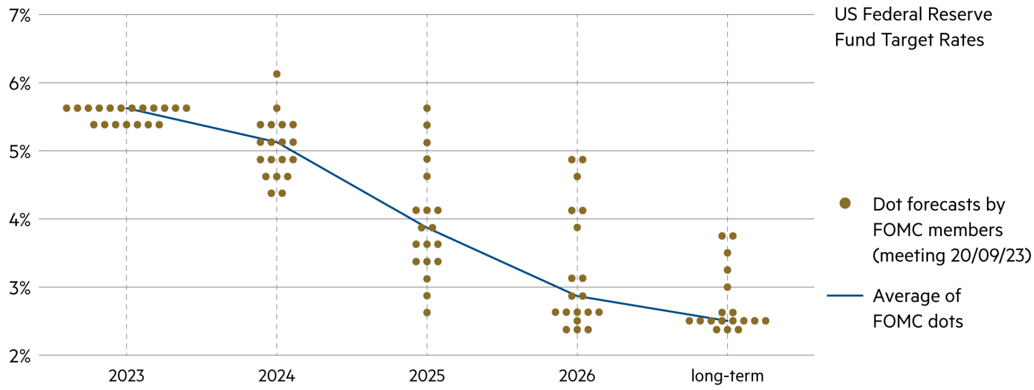
Globally, we are still in a period of slowdown in the western part of the world economy, while emerging markets such as Poland, the Czech Republic and Greece, as well as large parts of Asia and Latin America, are enjoying impressive GDP growth. The global economy will grow by around 2.8% in 2023. This is likely to remain roughly the same over the next two years.

A mild recession in some parts of the world economy cannot be ruled out. But for global companies, the global environment is key. In many markets, nominal growth rates of 4% to 11% set the floor for entrepreneurial activities. A market-leading company should be able to take above-average advantage of this growth potential and drive the corresponding earnings growth. Therefore, we do not expect even a mild "earnings recession", but rather sustained earnings and dividend growth over the next two years for the (market-leading) companies we have selected in a disciplined manner. These companies tend to be considered fairly valued. Therefore, our equity allocation does not undergo any change at the beginning of the fourth quarter.

Region	3–6 months	12–24 months	Analysis
Switzerland	↗→	↗	As we expected, the Swiss National Bank left the key interest rate at +1.75%. Inflation recently stood at +1.7%.
Eurozone, Europe	↗→	↗	The latest ECB assessment continues to assume falling unemployment. This increases consumption and contributes to moderate growth.
USA	↗→	↗	The cycle of interest rate hikes is complete. In the fourth quarter, GDP growth is likely to be noticeably lower than in the third quarter (approx. 3%).
Rest of the world	↗	↗	Emerging market countries are expanding. Strong growth rates can be observed in Mexico, Brazil, South Africa and India, among others.

Liquidity, currency

Fed fund rates will decline



U.S. Fed Fund Target Rates by the FOMC, 20 September 2023 (Graphic: Zugerberg Finanz)

It remains unclear when U.S. Fed fund rates will fall. But even the Federal Reserve's Open Market Committee (FOMC), which has the power to decide on these key interest rates, forecasts a sharp drop over the next three years. The background to this is that PCE core inflation has come to a virtual standstill recently, a downside surprise from a 0.2% consensus call. The 3 month annualized reading fell to 2.2% in August. This should be constructive for US Treasuries and risk assets.

The Fed pursues a policy of "average inflation targeting" (AIT) and its restrictive stance has resulted in the latest inflation figures coming within the Fed's AIT target range. As a result, the Fed's policy makers expect a potential rate cut of around 300 basis points in the medium term. The current level of 5.5% is significantly higher than the Fed's forecast for the end of 2025 (3.875%) and the end of 2026 (2.875%). Should the respective forecasts materialize, this would result in a strong recovery of bonds. However, a side effect for the franc investor would also be a severe depreciation of the dollar against the Swiss Franc.

In Europe, too, a moderation of inflation is being observed across the board. However, we are still well short of the target. In the euro zone as a whole, inflation fell from 5.2% in August to 4.3% in September. There was a sharp decline in the momentum of service prices. Industrial goods excluding construction and energy in the euro area only achieved an annual increase of 1.6%. In May 2022, year-on-year growth was still at 16.0%.

Without new price shocks, overall inflation in the euro area will move toward the 2% target. In some euro area countries, the inflation rate is already negative (e.g. the Netherlands at -0.3%). In Belgium (+0.7%), it is not particularly high either. In the Netherlands, the sharp decline has to do with the fact that contracts for natural gas are often concluded at short notice.

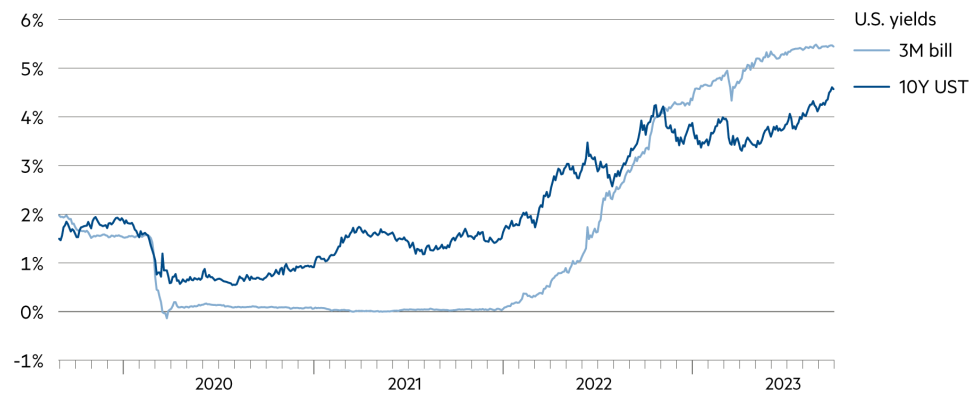
Due to the Fed's monetary policy signals to keep key interest rates high for longer, the dollar has recovered further. Most recently, it stood at 0.92 against the franc (+3.3% in one month, only -1.2% since the beginning of the year). At 0.97 against the franc, the euro also gained in September, but not as strongly (+1.1% in one month; -2.2% since the beginning of the year).

Both currency developments are providing tailwinds for Swiss companies whose sales or earnings are primarily generated in these currency areas. As most analysts have not yet priced in the dollar's strong currency movement, many Swiss equities are likely to see a more positive assessment in the fourth quarter ahead of the 2023 financial statements.

Asset class	3–6 months	12–24 months	Analysis
Bank account	↗→	↗→	Those seeking sustainable returns above the inflation rate in Switzerland (+1.7%) should invest excess liquidity in a securities portfolio.
Euro / Swiss franc	→	→	At 0.97, the exchange rate is within the range of realistic expectations for this currency pair, which is important for the Swiss economy.
US dollar / Swiss franc	→↘	↘	In the fourth quarter, U.S. GDP growth should still be positive, but rather weak. Accordingly, the dollar appreciation is likely to end.
Euro / US dollar	↗→	↗	At 1.05, the lowest value in the current year was measured at the end of September. Higher interest rates in the $ area attract more capital.

Bonds

At the end of the hiking cycle



U.S. yields show slowing momentum (Source: Bloomberg Finance LP | Graphic: Zugerberg Finanz)

In September, probably only a few central banks around the world raised their key interest rates. In the United States, key interest rates were not raised further. There is talk of a "pause" in interest rate. The assumption is that interest rates will peak at around 5.5%. In the euro zone (4.0%), a final step was taken, but not in Switzerland. This makes fixed income opportunities more attractive than they have been for many years.

For the last 20 months, central banks came up with rapid and significant interest rate hikes. At the beginning of 2022, inflationary pressure was still underestimated. In the meantime, it could be overestimated, because strong deflationary developments worldwide are already working in the opposite direction. Inflationary pressure is weakening significantly. Increasingly, deflationary price developments can now be observed in producer prices. In the U.S., the PCE inflation rate in August was +0.1%: This is price stability. Nevertheless, there is a risk of monetary policy mistakes if the central banks were to tighten their previous sharp market interventions again out of impatience.

The Swiss National Bank left the SNB key interest rate unchanged at 1.75%. The significantly tightened monetary policy over the last few quarters is counteracting the inflationary pressure that still exists. In addition, the economic slowdown and the lower inflationary pressure from abroad are providing support. In its monetary policy assessment of September 21, 2023, the SNB assumes inflation of +2.2% for 2024 and +1.9% for 2025, which puts it just within the price stability range at the end of the forecast period.

In the U.S., the cycle peak has been reached. The focus from the Fed's statements was on the dot plot. On the one hand, there was a moderate update to the end of 2024 (5.125% as median) as well as to the end of 2025 (3.875%) and on the other hand, a new perspective for 2026 (2.875%). Market expectations at the longer end of the yield curve are not at the Fed's realistic estimate. Those who now trust the Fed can achieve rich returns with long-term bonds and high credit ratings in the coming 24 to 30 months.

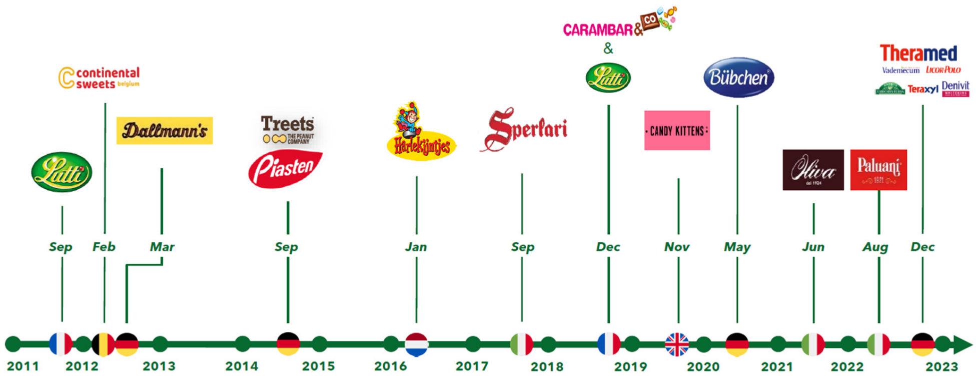
Implicit market expectations no longer assume further interest rate hikes. Rather, a total of around six interest rate cuts of 0.25% each are pending until the end of 2025. After all, the Fed itself has set the key interest rate at 2.5% for the longer term. This means that there is room for a total of twelve interest rate cuts, or nominally 3.0%, in the coming years. Such a starting position should by no means be missed.

But of course we also understand the hesitants on the capital market. They remain convinced that the Fed will overshoot with its key interest rate policy and drive the key rate even higher until the economy slides into recession. But even if a mild recession were to result, no economy would be as well prepared for it as the U.S. Moreover, such a recession would be accompanied by faster interest rate cuts, which would make the recovery potential of bonds even more attractive.

Asset sub-class	3–6 months	12–24 months	Analysis
Government bonds	→	→↗	In the current economic phase, long-term USD bonds appear to be a very interesting investment over the next 24 to 30 months.
Corporate bonds	↗	↗	Investors can benefit from attractive risk-return ratios in all rating classes of the fixed-income bond universe.
High-yield, hybrid bonds	↗	↗	The hybrid bond market performed certainly above average in September. The recovery trend should continue well into 2024.

Zugerberg Finanz bond solutions

Improved outlook



Successful M&A track record of Katjes International (Graphic: Katjes International)

In September, further qualitative improvements were made in the Zugerberg Income Fund (ZIF) as well as in the Credit Opportunities Fund (COF), which should pay off in the coming years. While the world bond index, which is dominated by government bonds and hedged in Swiss francs, fell sharply in September by -2.1%, the ZIF held up moderately at -0.7%. The COF even increased slightly (+0.3%).

The ZIF and the COF differ in that the ZIF mainly includes interest rate risks. However, the typical maturity is nowhere near as high as in a government bond index, but significantly higher than in the COF. There, the focus is not on interest rate risks, but on credit risks. The maturities are rather low. In a month with foreseeable moderate economic momentum, it can be assumed that exposure to credit risks is worthwhile.

As long as there is no deep recession, defaults are not to be expected. Companies with a leading market position are able to raise their prices in an inflationary environment and thus increase their sales. Accordingly, it is not difficult for them to service their nominally stable debt capital with the income generated from this. As the economic trend continues, September resulted in a typical month in which corporate bonds fared better than government bonds. At present, there are also still more "rising stars", i.e., companies with a rating upgrade, than "fallen angels", i.e., companies that disappear from the investment grade zone.

Among the new corporate bonds we have included in the COF is Katjes. The bond yields 6.75% interest in euros over the next five years. The German family-owned company has a history of clever smaller acquisitions. Sometimes the seller is called Nestlé (e.g., for the sensitive children's sun lotion Bübchen), sometimes Henkel (e.g., for toothpaste TheraMed). The corresponding brands are often far too small and region-specific for a global corporation. At the same time, they are ideal for a lean, flexible and well-managed SME to further cultivate and expand the potential organically. In any case, the profitability is impressive. The two entrepreneurs at the helm do not pay themselves a dividend, but reinvest the net income entirely in M&A's in order to further develop a resilient growth portfolio.

The COF portfolio also includes a bond issued by Europe's leading security company, whose name (Securitas Direct) and foundation go back to Swiss roots. Temporarily, Partners Group also held a part of the current company Verisure in its portfolio. The allocation is focused on Switzerland (14%) and the rest of Western Europe (79%).

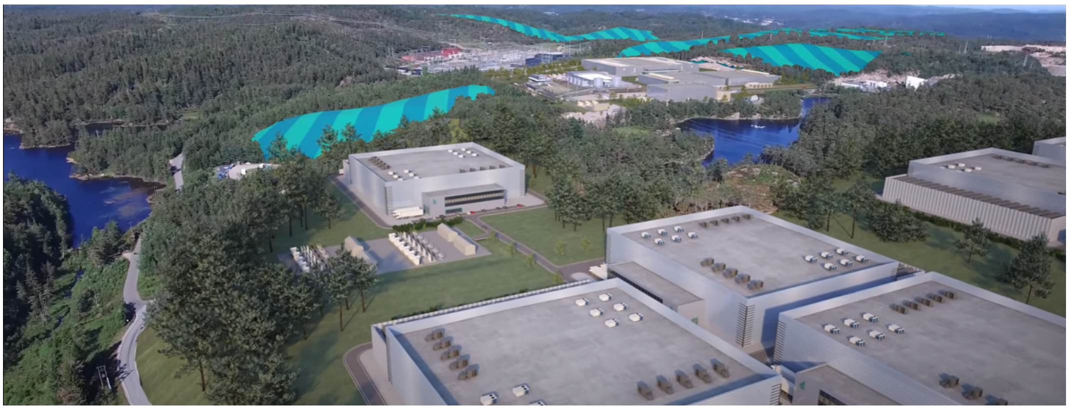
In the ZIF portfolio, solid borrowers such as Fresenius (healthcare group), John Deere (agricultural vehicles), Zürcher Kantonalbank, Citibank and Energias de Portugal (a leading company in the renewable energy sector) were added. Switzerland (14%) is the most important source region of debtors after Western Europe (52%) and North America (25%).

	Zugerberg Income Fund	Credit Opportunities Fund
Yield in 2023 (since the beginning of the year)	+1.5%	+0.9%
Yield since the start (annualized)	-12.4% (-2.4%)	+20.9% (+1.8%)
Proportion of months with positive yield	52%	66%
Credit risk premium in basis points (vs. previous month)	239 BP (+3 BP)	653 BP (-1 BP)
Average rating (current)	BBB+	BB

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

Real estate, infrastructure

Important data centers



Data centre in the cool north of Europe (Visualisation: Bulk Infrastructure)

In the infrastructure sector, data centers are emerging as a cluster that is gaining in popularity as a capital investment for both equity and debt. Particularly central are the corresponding security and cooling technologies and access to renewable energy sources. Geographically, the cooler north of Europe is particularly suitable as a location for data centers.

A data center refers to the entire building complex in which the operator houses data centers and servers as well as the necessary security technology. When it comes to leasing, there are inherent competitive advantages for locations on the west coast of Europe as the shortest links to North America. Greater cloud adoption and the geographic protection requirements to store European data in Europe will increase demand for many years to come. Investments in data centers are considered recession-resistant. There is still a long way to go before there is oversupply.

Climate control is easier in cooler northern Europe than in southern Europe. Drought, heat and power cuts are rare there. In addition to the lower environmental risks, there are also sufficient renewable energy sources. Competing for this infrastructure segment are private market players such as Partners Group, as well as private companies such as the Norwegian family-owned Bulk Infrastructure, whose balance sheet always consists of around 50% equity.

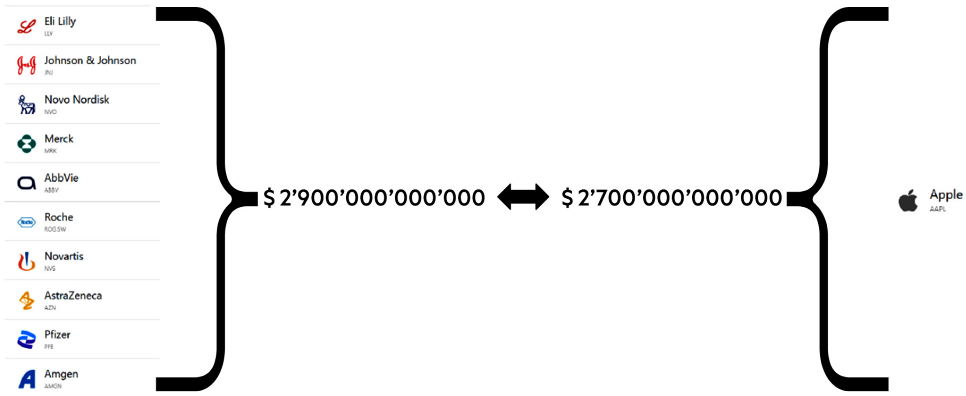
We recently acquired a “green” five-year bond from Bulk Infrastructure, which yields 7.0% interest in Swiss francs. The data centers are powered by low-cost hydroelectricity, are highly CO_2 efficient, and are located in an environment where the average annual temperature is below 8 degrees Celsius, which significantly reduces cooling requirements. Their fiber network runs across the UK to North America and is particularly valued by tech giants who are generating growing demand for data centers in Europe due to data protection regulation.

On the equity side, we are benefiting from Partners Group’s exposure (+32% year-to-date) to data centers. Among private market investments, infrastructure is playing an increasingly important role at Partners Group. In many cases, infrastructure investments are priced for inflation, meaning they offer inherent inflation protection. Partners Group is fundraising for an investor-friendly evergreen fund structure with its Private Infrastructure theme, which could raise up to $10 billion in new money.

Asset sub-class	3–6 months	12–24 months	Analysis
Residential properties CH	→	↗→	SARON-based mortgages remain more attractive than long-term fixed-rate mortgages. We see interest rate reduction potential there in the medium term.
Office and retail properties CH	→↘	→	Because office rents are indexed, real estate companies benefit from rising rental income despite the higher discount rate of future income (3.8%).
Real Estate Fund CH	→	↗→	Through the higher Federal reference interest rate, investment properties provide higher rental income, but the boom years with higher annual revaluations are over.
Infrastructure Equity / Fund	↗	↗	The strong infrastructure performance in September was exemplified by BKW (+6%) and Vinci (+2%); others suffered moderate value losses.

Equity

Health care or tech?



Top 10 global pharma companies together valued like Apple (Source: Bloomberg Finance LP | Graphic: Zugerberg Finanz)

It is interesting to note that the ten largest pharmaceutical companies (including Roche and Novartis) together are valued at roughly the same level as Apple. The exciting thing about this is that all pharmaceutical, diagnostic and biotechnological innovations of the major global companies together are thus hardly valued significantly higher than Apple’s technological innovations.

The most recent Nobel Prize in Medicine was awarded for basic mRNA research, thanks to which covid vaccines were developed within a short time and saved the world economy from disaster. While pharmaceutical companies are expected to make major breakthroughs against diseases such as Alzheimer’s and cancer, Apple is apparently content with minimal innovations. At any rate, the presentation of the iPhone 15 didn’t knock anyone off their chairs. A smartphone may be part of our life almost everywhere in the world today, but the health effect cannot be compared with the diagnostic and therapeutic successes of the last few years. In the capital market’s estimation, however, companies like Apple and Microsoft are clearly on top.

Not only the tech giants, but all companies will probably have to deal with the topics of Big Data, cyber and augmented artificial intelligence (AI) for a long time to come. After all, the competitiveness of companies is ultimately at stake. It is also unavoidable for pharmaceutical companies if they do not want to lose their competitiveness. AI can be used at every stage of the development of a new drug. In addition, anonymized data sets from previous studies can be efficiently searched through again. Novartis CEO Vas Narasimhan aims to transform Novartis (+17% year-to-date) – following the successful spinoff of Sandoz – into a leading pharmaceutical company operating on advanced therapy and data science platforms – making AI a core part of Novartis’ future. Accordingly, it is looking to hire the best talent and leverage the best technologies available.

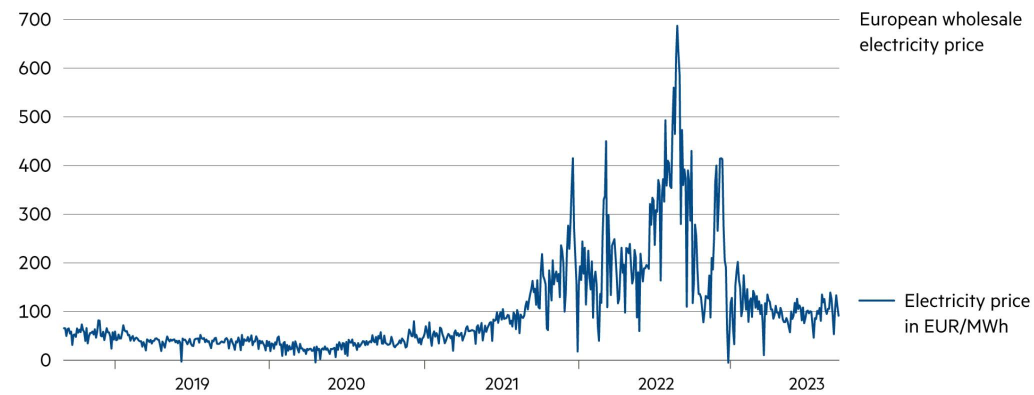
SAP (+30% year-to-date) has high hopes for its “Joule” AI program, which aims to provide customers with “intelligent answers” to a variety of questions in the future. Joule has “the potential to profoundly change the business processes of companies and the way their employees work” CEO Christian Klein is quoted as saying. After all, around 87% of all commercial transactions in the world pass through an SAP program at some point. This volume should ensure the quality and reliability of SAP AI.

AI is also expected to profoundly and comprehensively change the labor market. Companies will have to see labor as an asset rather than a cost factor – not least because demographic change is exacerbating the labor shortage. In the short to medium term, AI will help boost productivity and make predictions. This can improve store performance by analyzing buying patterns, customer targeting, stock levels, discounts and delivery recommendations. At the same time, however, the technology is also associated with risks, such as misuse and cybercrime, which requires investment in appropriate protective measures (cyber security).

Asset sub-class	3–6 months	12–24 months	Analysis
Equity Switzerland	↗→	↗	In September, the biggest SMI outliers were Swiss Re (+10%) and Partners Group (+8%) on the upside; Richemont (-11%) and Lonza (-13%) on the downside.
Equity Eurozone, Europe	↗→	↗	With a price/earnings ratio of 11, the Euro Stoxx 50 is one of the cheapest equity markets in the world. You get a lot of substance for your investment.
Equity USA	↗→	↗	For the final quarter, we expect a solid performance despite the relatively high valuation - also driven by cash returns in US equities.
Equity Emerging markets	↗→	↗	With a good performance of +8% in CHF so far this year, the Indian Sensex 30 is a solid value generator among the emerging market equity indices.

Alternative investments

Electricity prices remain low



European wholesale electricity price in the last 5 years (Source: Bloomberg Finance | Graphic: Zugerberg Finanz)

Crude oil prices are 13% higher than at the beginning of the year. But that is already the only increase in commodity prices. Wholesale electricity prices fell significantly again at the beginning of the quarter. Gas prices in Europe are also trading significantly lower than a year earlier. There are currently no signs of a bottleneck in the winter because France was able to increase electricity production by 30% year-on-year.

Brent crude oil prices have climbed over the past three months, reaching a good level of around $92 a barrel at the beginning of October. But compared to the $86 at the beginning of the year, this is not an earth-shattering change. Prices rose in September after the International Energy Agency (IEA) warned in its monthly report of a "significant supply deficit" in the second half of 2023. Demand will exceed supply by an average of 1.2 million barrels per day in the second half of the year, the IEA predicted.

The optimistic forecasts added momentum to the rally that began in mid-June, as Saudi Arabia and Russia cut supply while demand in the U.S. and Asia proved relatively stable. Global auto sales rose slightly more than many had recently anticipated, driven by higher sales in China (sales are up 27% over 2019, not a buyer's strike like housing) and India. China and India are the largest global oil consumers behind the United States. The European Union also reported an impressive increase in auto sales, as well as rising air travel.

Most other energy prices fell wholesale – including European gas prices. The flow of gas from the Norwegian continental shelf to Europe recovered significantly following maintenance work. This means there is a good chance that gas prices in Europe will collapse, i.e. towards coal parity (Asia) to around 22 EUR/MWh or below. Gas levels in Europe are high, for example in Germany at 96%, about 8 percentage points above the 2017-2021 average (as of October 1, 2023).

The IEA, a Paris-based organization of leading industrialized nations, sees "the beginning of the end of the oil age" coming. Experts now believe that the world will have passed the peak of oil and gas production in 2030 and will then enter the promised land of majority renewable energy. In this regard, there is still a dependence on China for solar cells.

China produced a record high of solar cell capacity last quarter at nearly 600 GW. By comparison, the total photovoltaic (PV) capacity in operation in the EU is about 200 GW. While Chinese PV production is growing at an impressive pace, global PV panel prices are collapsing. Panel inventories in Europe are increasing and electricity prices are falling. Meanwhile, there is a massive increase in interest in batteries, energy storage and technologies to meet the challenges of the "green" energy transition resulting from the rapid adoption of PV.

Asset sub-class	3–6 months	12–24 months	Analysis
Commodities	→	↗	The wholesale gas price in Amsterdam (TTF) has fallen to 36 EUR/MWh at the beginning of October 2023, 80% lower than in mid-December 2022.
Gold, precious metals	→	→	The silver price is at $22 an ounce, more than 7% lower than at the beginning of the year. The gold price is virtually unchanged at $1,848.
Insurance Linked Securities	↗	↗	ILS solutions, even hedged in Swiss francs, are more attractive than they have been in at least a decade.
Private equity	→	↗	Listed private equity in our portfolio has gained 13% since the beginning of the year and should continue to perform due to a revitalized IPO market.

Market data

Asset class		Price (in local currency)	Monthly / YTD / Annual performance (in CHF)				
Equity		**30.09.2023**	**09/2023**	**2023 YTD**	**2022**	**2021**	**2020**
SMI	CHF	10'963.5	–1.5%	+2.2%	–16.7%	+20.3%	+0.8%
SPI	CHF	14'368.6	–2.0%	+4.6%	–16.5%	+23.4%	+3.8%
DAX	EUR	15'386.6	–2.5%	+8.3%	–16.3%	+10.4%	+3.5%
CAC 40	EUR	7'135.1	–1.4%	+8.0%	–13.9%	+23.6%	–7.4%
FTSE MIB	EUR	28'243.3	–1.0%	+16.7%	–17.3%	+17.3%	–5.4%
FTSE 100	GBP	7'608.1	+2.1%	+2.2%	–8.8%	+16.7%	–19.2%
EuroStoxx50	EUR	4'174.7	–1.8%	+7.8%	–16.0%	+16.0%	–5.4%
Dow Jones	USD	33'507.5	0.0%	+0.3%	–7.7%	+22.2%	–1.8%
S&P 500	USD	4'288.1	–1.5%	+10.8%	–18.5%	+30.6%	+6.5%
Nasdaq Composite	USD	13'219.3	–2.4%	+25.3%	–32.3%	+25.0%	+31.6%
Nikkei 225	JPY	31'857.6	–1.5%	+6.2%	–19.7%	–2.6%	+11.6%
Sensex	INR	65'828.4	+4.7%	+6.8%	–4.8%	+23.2%	+3.4%
MSCI World	USD	2'853.2	–1.0%	+8.7%	–18.5%	+23.7%	+4.5%
MSCI EM	USD	952.8	+0.7%	–1.2%	–21.5%	–1.8%	+6.1%
Bonds (mixed)		**30.09.2023**	**09/2023**	**2023 YTD**	**2022**	**2021**	**2020**
Glob Dev Sov (Hedged CHF)	CHF	149.1	–1.9%	–2.0%	–13.2%	–3.0%	+3.5%
Glob IG Corp (Hedged CHF)	CHF	173.6	–2.3%	–1.8%	–16.7%	–2.0%	+6.4%
Glob HY Corp (Hedged CHF)	CHF	319.0	–1.4%	+2.1%	–13.6%	+1.4%	+3.7%
USD EM Corp (Hedged CHF)	CHF	249.1	–2.5%	–1.9%	–18.2%	–2.7%	+4.3%
Government bonds		**30.09.2023**	**09/2023**	**2023 YTD**	**2022**	**2021**	**2020**
SBI Dom Gov	CHF	169.7	–2.0%	+6.3%	–17.0%	–4.2%	+2.1%
US Treasury (Hedged CHF)	CHF	135.8	–2.6%	–4.7%	–15.0%	–3.5%	+6.3%
Eurozone Sov (Hedged CHF)	CHF	170.6	–2.9%	–1.5%	–18.9%	–3.7%	+4.6%
Corporate bonds		**30.09.2023**	**09/2023**	**2023 YTD**	**2022**	**2021**	**2020**
CHF IG Corp (AAA-BBB)	CHF	176.9	–0.1%	+2.8%	–7.5%	–0.5%	+0.5%
USD IG Corp (Hedged CHF)	CHF	176.0	–3.1%	–3.3%	–18.5%	–2.3%	+8.0%
USD HY Corp (Hedged CHF)	CHF	554.0	–1.6%	+2.5%	–13.7%	+4.1%	+5.1%
EUR IG Corp (Hedged CHF)	CHF	157.1	–1.0%	+1.0%	–14.1%	–1.2%	+2.4%
EUR HY Corp (Hedged CHF)	CHF	274.0	+0.2%	+4.8%	–10.9%	+3.2%	+2.1%
Alternative investments		**30.09.2023**	**09/2023**	**2023 YTD**	**2022**	**2021**	**2020**
Gold Spot CHF/kg	CHF	54'399.3	–1.3%	–1.7%	+1.0%	–0.6%	+14.6%
Commodity Index	USD	104.8	+2.4%	–7.8%	+15.1%	+30.8%	–11.6%
SXI SwissRealEstateFunds TR	CHF	2'215.0	+2.2%	–0.2%	–17.3%	+7.6%	+13.0%
Currencies		**30.09.2023**	**09/2023**	**2023 YTD**	**2022**	**2021**	**2020**
US dollar / Swiss franc	CHF	0.9153	+3.6%	–1.0%	+1.3%	+3.1%	–8.4%
Euro / Swiss franc	CHF	0.9676	+1.0%	–2.2%	–4.6%	–4.0%	–0.4%
100 Japanese yen / Swiss franc	CHF	0.6129	+1.0%	–13.1%	–11.0%	–7.5%	–3.8%
British pound / Swiss franc	CHF	1.1167	–0.3%	–0.2%	–9.3%	+1.9%	–5.7%