



Autumn trees near Utigli, Walchwil, Canton Zug (Photo: Andreas Busslinger)

## Heading into the final quarter with positive spirit

In September, the real global economy showed its good side. Various macroeconomic data were surprisingly solid, helping the markets to recover. Except for the Swiss stock market, which was dragged down by the negative monthly performance of the three heavyweights Nestlé (-6%), Roche (-5%) and Novartis (-4%), prices rose worldwide. Nestlé under its new CEO will certainly return to its former strength. After a strong rise, Roche is seeing a certain consolidation, while we do not expect any groundbreaking news from Novartis. However, the targets of 5% annual sales growth between 2023 and 2028 and an operating profit margin of at least 40% by 2027 remain achievable.

One key reason for the confidence of real assets is inflation, which is considered to have been combated. Fears of second- and third-

round effects did not materialize. This has allowed central banks around the world to cut key interest rates, which rose rapidly in 2022 in particular, at a faster rate than at any time in recent decades. It is important for the investment environment that inflation forecasts are also declining. This applies not only to Switzerland, but to all of Europe and North America.

In addition, growth impulses in emerging markets are strengthening as dollar interest rates fall. Impulses are also coming from China, where the central bank cut interest rates across the board to revive the permanently crisis-ridden real estate market. However, we remain more positive about India, which has a structurally growing economy, great innovative strengths and a lot of private initiatives.

## The SMI ended the third quarter up 1.6%

In the third quarter, the Swiss Market Index rose by 1.6%. The broad US S&P500 index gained significantly more (+5.9% in USD), but the dollar lost a devastating 7%, causing the net effect to even turn negative (S&P500 -0.8% and Nasdaq -4.2% in CHF). We have been expecting the dollar to weaken for some time, as falling inflation rates have manifested themselves in falling key interest rate expectations, making the currency less attractive. The dollar's weakness is not yet over. Because we only hold a small portion of our portfolio in dollars, our portfolios performed extremely well against general benchmark indices in the third quarter.

Fixed income had a positive month. The Swiss Bond Index (+0.7%)

rose again slightly in September. However, the return on our bonds was higher. As a result, portfolios with a high bond allocation were once again able to enjoy a positive monthly result.

In the defensive risk class 1 (e.g. R1 with a high bond component at +3.3%, vested benefits R1 at +4.0%), the return since the beginning of the year is clearly positive. In the "balanced" risk class 3 (e.g. R3 with +10.3% since the beginning of the year), the total return is characterized by the good performance of the other asset classes.

The most dynamic risk class 5 (e.g. Revo5 with +13.3% YTD) stands out more strongly in September from the performance of dividend solutions (e.g. RevoDividends with +10.3%).

Strategies mainly based on individual titles

	Strategy performance*	
	September 2024	YTD 2024
Zugerberg Finanz R1	+0.4%	+3.3%
Zugerberg Finanz R2	+0.4%	+6.9%
Zugerberg Finanz R3	+0.3%	+10.3%
Zugerberg Finanz R4	+0.1%	+11.9%
Zugerberg Finanz R5	+0.1%	+12.3%
Zugerberg Finanz RDividends	-1.5%	+9.8%
Zugerberg Finanz Revo1	+0.0%	+2.8%
Zugerberg Finanz Revo2	-0.1%	+6.2%
Zugerberg Finanz Revo3	-0.3%	+8.9%
Zugerberg Finanz Revo4	-0.2%	+11.6%
Zugerberg Finanz Revo5	-0.3%	+13.3%
Zugerberg Finanz RevoDividends	-1.4%	+10.3%
Zugerberg Finanz DecarbRevo3	+1.0%	+2.5%
Zugerberg Finanz DecarbRevo4	+1.1%	+1.9%
Zugerberg Finanz DecarbRevo5	+1.2%	+1.4%

Zugerberg Finanz Vested benefits

	Strategy performance*	
	September 2024	YTD 2024
Zugerberg Finanz Vested benefits R0.5	+0.6%	+1.8%
Zugerberg Finanz Vested benefits R1	+0.4%	+3.4%
Zugerberg Finanz Vested benefits R2	+0.2%	+5.5%
Zugerberg Finanz Vested benefits R3	+0.1%	+8.3%
Zugerberg Finanz Vested benefits R4	-0.2%	+9.1%

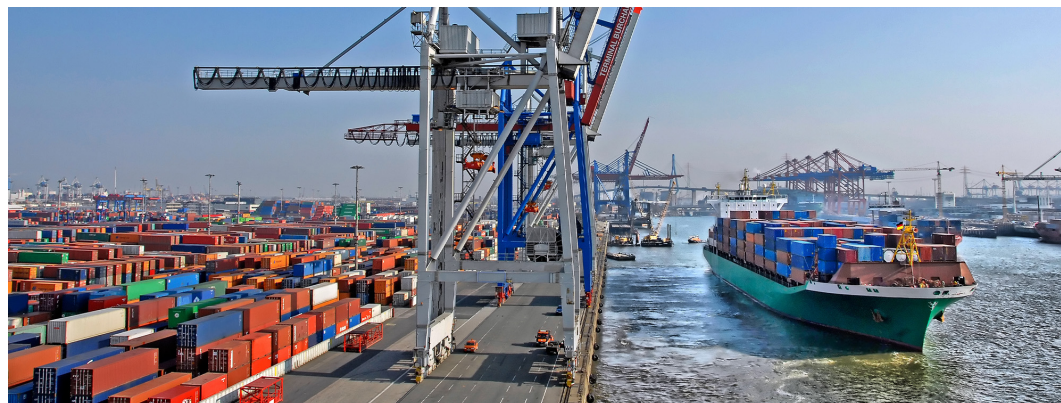
Zugerberg Finanz 3a pension solution

	Strategy performance*	
	September 2024	YTD 2024
Zugerberg Finanz 3a Revo1	+0.0%	+2.8%
Zugerberg Finanz 3a Revo2	-0.1%	+6.2%
Zugerberg Finanz 3a Revo3	-0.3%	+8.9%
Zugerberg Finanz 3a Revo4	-0.2%	+11.6%
Zugerberg Finanz 3a Revo5	-0.3%	+13.3%
Zugerberg Finanz 3a RevoDividends	-1.4%	+10.3%
Zugerberg Finanz 3a DecarbRevo3	+1.0%	+2.5%
Zugerberg Finanz 3a DecarbRevo4	+1.1%	+1.9%
Zugerberg Finanz 3a DecarbRevo5	+1.2%	+1.4%

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

Macroeconomics

# Rate cuts boost demand



(Image: stock.adobe.com)

Despite the first interest rate cuts, monetary policy remains restrictive. Further easing is therefore to be expected. This is having a visibly positive effect on consumer sentiment. It should also lead to an increase in demand on the real estate market, more so in Europe than in the US. It remains unclear whether the interest rate cuts in China will also lead to a sustained recovery. Chinese local and regional governments are heavily in debt due to their infrastructure spending.

The global economy's potential for growth remains intact overall. The global economy is growing at a slightly below-average rate, and fewer and fewer people expect a recession. The productivity boost from artificial intelligence is currently spreading from the tech industry to all industries, and is ensuring productivity growth that has withstood even the high key interest rates of the past two years.

In the US, the focus of many economists is shifting from the successfully combated inflation to the labor market with its many facets. The rise in unemployment is taking place from an all-time low and ensures a healthy balance in the labor market. Wage moderation (wage tracker) is viewed positively, as is the rapid entry of immigrants into the labor market (about three times faster than in Europe). There are currently strikes at certain ports on the east and west coasts, but these handle only 25% of goods imports and 27% of exports. The latter contribute just 1.9% to GDP. The strike is therefore not likely to have a significant impact. In fact, real-time and high-frequency indicators in the US currently suggest strong

growth of 2.5%. This is a surprisingly strong growth rate, driven by the reindustrialization boom, migration and thus the growing labor force, and productivity gains.

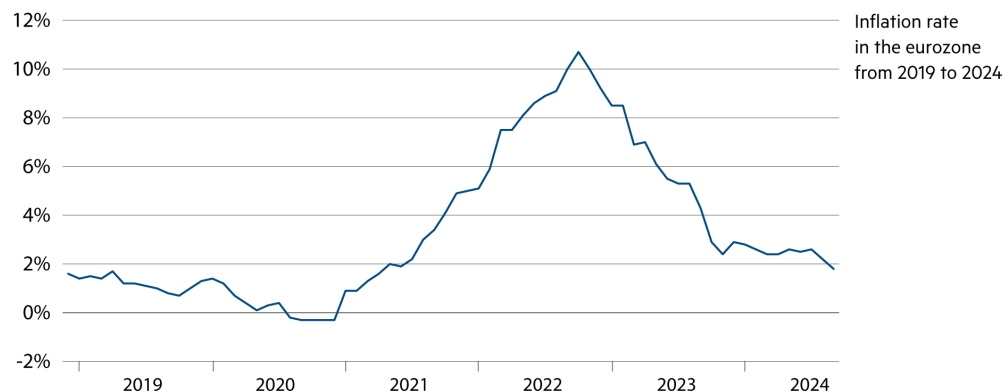
China launched a significant wave of stimulus measures in the last week of September, which has had a positive impact on the metals and mining sector as commodity prices have risen on the news. However, there is scepticism as to whether these measures, which have provided a brief burst of fireworks on the stock market, will lead to a sustainable economic recovery. China's ratio of total credit to GDP reached a new (unhealthy) high of almost 300% at the end of 2023. Most of the debt was accumulated by local authorities and their financing vehicles. Consumption still accounts for less than 50% of GDP.

China is also caught in a typical "demographic trap", unlike India. Traditionally, young people are an important driving force for new trends and innovations in consumption. As their numbers decline, demand shifts towards products and services that are more tailored to the needs of older generations (health care). As can be observed in India, young people are often the driving force behind the creation of new companies and innovations. A decline in their numbers, as we are seeing in China, slows economic growth. And when personal respectively household incomes rise, they are put aside. Consumption only accounts for 38% of GDP. China has no system of old-age provision like the one we have in Switzerland. This explains the high savings rate.

Region	3-6 months	12-24 months	Analysis
Switzerland	↗	↗	The chemical and pharmaceutical industry in particular saw dynamic growth, while growth in many other sectors was moderate.
Eurozone, Europe	↗	↗	With low inflation, consumer confidence is also returning to Europe. Even in Germany, it has recently been much better than expected.
USA	↗	↗	The US activity surprise index rose in September. Unexpectedly high consumer credit ("consumption") pushed the index up.
Rest of the world	↗	↗	In phases of dollar weakness, emerging markets typically experience an upswing. This affects Asia in particular, but also Latin America.

Liquidity, currency

## Inflation is under control



Inflation rate in the eurozone from 2019 to 2024 (Source: European statistical office Eurostat | Graphic: Zugerberg Finanz)

In Switzerland, inflation fell to 0.8% in September. In the eurozone, it fell to 1.8%. Using the same measurement method, it is also below the target level of 2% in the USA. The residual inflation that exists is currently being driven by services in many areas. The observed decline in inflation – from over 10% to below 2% in the eurozone, for example – is generally more pronounced than central banks had anticipated. As a result, various central banks will cut their key rates further in the fourth quarter.

The SNB’s new conditional inflation forecast is well below the level projected at the monetary policy assessment in June. The stronger Swiss franc, lower oil price and the cuts in electricity prices announced for next January contributed to the downward revision. With the sharper fall in inflation, the SNB also expects lower second-round effects in the medium term. The new forecast is 0.6% for 2025 and 0.7% for 2026 on an annual average. If interest rates had not been cut, the inflation forecasts would be even lower.

A similar picture can be seen for inflation in the eurozone, which fell to 1.8% in September. The last time inflation was below the 2% mark was in May 2021. The data increased the probability on the financial markets that the ECB would lower key interest rates further at its next interest rate meeting on October 17, rather than waiting until December.

Shortly thereafter, on November 5, Americans will be able to choose

between Democrat Kamala Harris and Republican Donald Trump in the presidential election. According to today’s media reports, the outcome will probably also influence the Fed’s monetary policy. Observers assume that an election victory for Trump could end the Fed’s cycle of interest rate cuts as early as the second quarter of 2025, as the Republicans’ economic program would favor higher inflation.

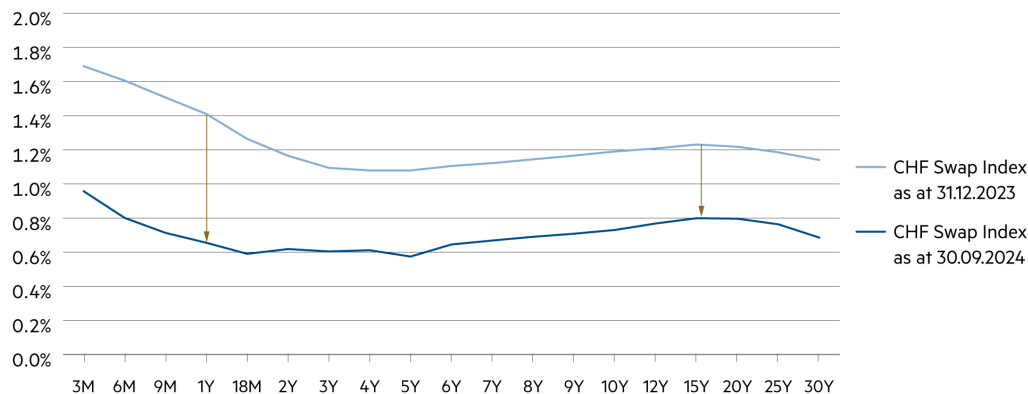
If Harris wins the election, economists believe we could see regular rate cuts to around 3% by mid-2025. Harris had also insisted that she would not interfere with the Fed’s work as president, while Trump had indicated that he would try to influence the Fed’s monetary policy if re-elected. This is unconstitutional, but it does not bother him at all.

Meanwhile, US Fed Chairman Jerome Powell reaffirmed his confidence that inflation will continue to move towards the target of two percent. According to the harmonized method of measuring inflation, as primarily used by European countries, inflation in the US is 1.9%. “If the economy develops as expected, interest rate policy will move towards a more neutral stance over time,” Powell said recently at a financial conference in Nashville, Tennessee. However, the Fed is not pursuing a fixed course. With a target range of 4.75% to 5.0%, the Fed is still pursuing a highly restrictive monetary policy. According to the latest assessment by Fed members, the neutral level is around 175 basis points lower at around 3.0%.

Asset class	3–6 months	12–24 months	Analysis
Bank account	↘	↘	Interest on time deposits is falling sharply and is trending towards 0.5%. With a few exceptions, savings accounts are paying even less interest.
Euro / Swiss franc	→	→	The ECB is likely to lower its key rates again slightly in October. This should further reduce hedging costs (end of September: 2.5%).
US dollar / Swiss franc	↘	↘	We expect the dollar to weaken further. From its end-April 2024 level of 0.92, the currency lost 8.0% to 0.85.
Euro / US dollar	→↗	→↗	At 1.11, the euro remains slightly above the average range of the past nine months.

Bonds

## The yield curve is even lower



Change in the Swiss yield curve; 31 December 2023 to 30 September 2024 (Source: Bloomberg Finance L.P. | Graphic: Zugerberg Finanz)

**There was no turbulence, but there was a strong downward shift in the yield curve. This began in the fourth quarter of 2023 and intensified in the year to date. Lower interest rates at both the short and long end are generally creating a restorative momentum in the lending business, with lower financing costs for borrowers, and in the construction industry in particular, due to lower mortgage rates.**

The yield curve is a fascinating construct that is influenced by a wide range of forces. At the short end, it is particularly influenced by monetary policy. The SNB’s interest rate cuts have significantly reduced interest rates for twelve-month time deposits since the beginning of the year (-0.7%). It is expected that this interest rate will fall further.

At the longer end of the yield curve, various aspects come into play. The leverage of a currency area plays a role, but so do currency aspects, potential GDP growth, longer-term inflation expectations, which in turn are linked to labor supply and thus to demographics. The cyclical resilience of an economy and its structural characteristics play an important role. Determining the longer-term resilience of a borrower also depends on productivity and innovative strength, and sometimes also on belonging to a sound fiscal equalization system.

We do not recommend large bets at the long end. To get an impres-

sion of the price volatility of a “long-dated” bond, we use the CHF 100 million bond issued by the City of Bern in the fall of 2020 in a denomination of CHF 5,000 with a coupon of 0.04% and a term of 50 years. Due to the negative interest rate environment at the time, some investors chose this investment in order to at least achieve a tiny positive interest income. However, there may be some doubt as to whether all buyers will actually live to see the bond repaid in October 2070.

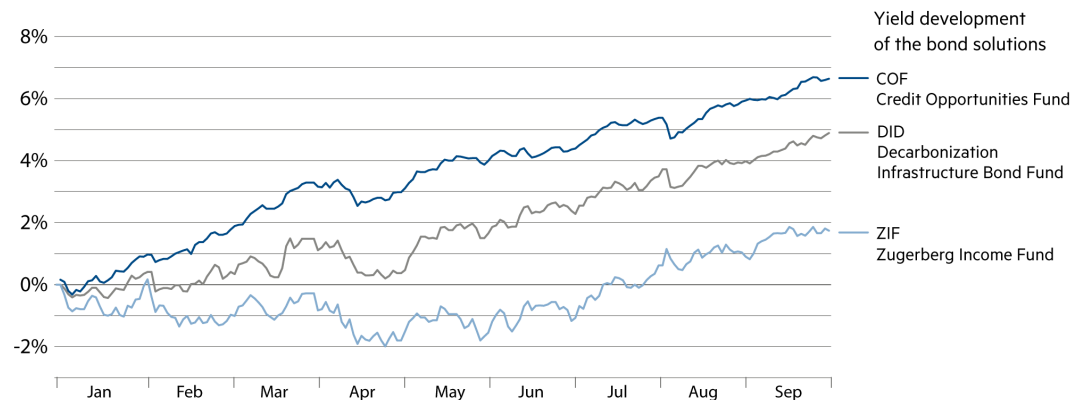
Nevertheless, investors were naturally pleased with the initial price performance. The bond rose from 100.00 to 111.60 (December 7, 2021): a remarkable return of 11.6% in the first 14 months. As a result of the interest rate hikes, the price fell to 40.8 (September 20, 2022). With a price loss of 65%, it was one of the worst bonds in the Swiss Bond Index. However, the prospects of a recovery allowed the price to gradually rise again. With the latest SNB assessments, the price even rose again to 78.00 (September 30, 2024).

These bonds are held in an ETF, a product that claims to cover the entire market. We are convinced that active selection can achieve fewer fluctuations and at the same time a better return. The selection of bonds not only involves choosing between government and corporate bonds, but also the rating of the respective issuer, the term, the currency and its financing structure. We provide an impression of this in the next section “Zugerberg Finanz bond solutions”.

Asset sub-class	3–6 months	12–24 months	Analysis
Government bonds	→	→	When the balance of power in the global economy shifts, the attractiveness of the respective government bonds also changes.
Corporate bonds	↗	↗	The solid nominal growth in the global economy continues to provide a fundamentally good breeding ground for a variety of bonds.
High-yield, hybrid bonds	↗	↗	The cyclical and structural resilience of carefully selected companies is a key driver of our credit-focused solutions.

Zugerberg Finanz bond solutions

## Solid contribution from our bond solutions



Yield development of our bond solutions in Swiss francs 01.01.2024 to 30.09.2024 (Source: Bloomberg Finance LP | Graphic: Zugerberg Finanz)

In the current year, bonds are recovering solidly. The conservatively oriented Zugerberg Income Fund (ZIF) has achieved a total return of +1.8% since the beginning of the year. The Credit Opportunities Fund (COF), which is more strongly geared to credit risk premiums, is higher (+6.6%). And the solution focused on decarbonization projects is also doing better than average (+4.9%). This leads to an impressive bond yield depending on the risk class.

In risk class 2, the conservative part of the bonds is weighted more heavily. That is why the cumulative return on all bonds in the first nine months is +3.3%. In risk class 3, the weighting shifts increasingly from bonds subject to interest rate risk to bonds subject to credit risk. This has worked extremely well this year and has so far resulted in a return of +4.2%.

Of course, it should be noted that the end of the year has not yet been reached. Bonds have the nice feature of yielding interest every day, including Saturdays and Sundays. This makes it possible to estimate the interest income for the next 90 days with a high degree of probability.

What can also be predicted well is the development of monetary policy over a shorter period. Since the central banks are only at the beginning of a cycle of interest rate cuts, significant interest rate moves can be expected in the coming months and quarters, particularly at the major central banks (Fed, ECB). This increases the likeli-

hood that bond prices will at least move slightly higher.

Estimates of credit risk premiums are typically the most volatile. These play hardly any role at all for high-quality bonds, which make up a large part of our ZIF. These fluctuations are small as long as there is no recession. In the ZIF, credit risk premiums are on average around 107 basis points above the level of the respective government bond with the same maturity. This is significantly more than for Swiss high-grade bonds (73 basis points) and slightly more than for US high-grade bonds (89 basis points), but less than for European bonds (117 basis points).

This is important because, for example, a government bond in Switzerland now yields practically nothing. The redemption yield is 0.3%, i.e. for a bond that will be repaid in the summer of 2034 and bears interest at 0%, I have to pay 97 francs today to get 100 francs in ten years. That is a meager return. We are convinced that our bond solutions will achieve a noticeably better result – both with the ZIF, which achieves particularly robust results when US inflation rates are below 3% (as is now the case).

The COF also impresses in the long term according to the Morningstar fund rating agency. It awards the COF the highest rating (5 stars) for its ten-year performance, taking into account not only the returns but also the fluctuations, i.e. the risk. Anyone who paid in CHF 100 when it was launched in the fall of 2011 now has CHF 133.50.

	Zugerberg Income Fund	Credit Opportunities Fund
Yield in 2024 (since the beginning of the year)	+1.7%	+6.3%
Yield since the start (annualized)	-6.9% (-1.1%)	+33.4% (+2.5%)
Proportion of months with positive yield	55%	68%
Credit risk premium in basis points (vs. previous month)	107 BP (-3 BP)	419 BP (-3 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

## Volatile real estate values



The Swiss Real Estate Funds Total Return Index 2019 to 2024 (Source: Bloomberg Finance L.P. | Graphic: Zugerberg Finanz)

Over the past five years, the Swiss real estate fund index has followed a typical trajectory for the underlying macroeconomic conditions. As a result of the pandemic, even real estate values, which are popularly known as “concrete gold”, experienced severe losses in spring 2020. However, the subsequent phase of negative interest rates led to increased demand for real estate and real estate funds. The attractiveness of the latter declined as interest rates rose. Real estate funds fell by an average of 27%.

It was only in the course of 2024 that the index rose again above the original value at the end of 2019. It should be emphasized that the present index is a so-called “total return” index, i.e. all dividends and distributions of any nature are included.

It is also important to remember that these are real values that can be touched, that people live in them and that rents are paid for them. And there were no rent losses.

Around 90% of the valuation fluctuations are due to the interest rate environment. Real estate funds, like corporate bonds, are held as a higher-yielding alternative to government bonds.

There are minimal technical differences to the second Swiss real estate fund structure, the SXI Real Estate Fund Broad (SWIIT), whose performance, however, shows no significant deviation. The material focus is on residential investment properties.

Those seeking a stronger focus on commercial real estate will find it in the SXI Real Estate Shares Total Return Index. However, because a certain vacancy rate persists there, commercial real estate is less popular among investors. Although the corresponding index shows a similar curve, investors had to settle for a 5% lower total return over the five-year observation period.

In recent weeks, investors’ interest in real estate funds has been rekindled by falling inflation rates and key interest rates, as well as shrinking returns on fixed-term deposits.

The inflation forecast published by the SNB reinforced investors’ conviction that the SNB will cut interest rates by a further 25 basis points at its meeting on December 12, 2024. Therefore, interest in real estate investments is likely to increase further.

Excess cash will hardly yield any more returns, and it is therefore important to protect it from the loss of purchasing power and to invest it. The interest rate fluctuations on fixed-term deposits or savings accounts are immense.

Much more consistent returns can be achieved on the real estate and infrastructure investments in our portfolios. With our values such as BKW, Zurich Airport, Vinci and Veolia, etc., we feel well positioned for the coming investment periods.

Asset sub-class	3–6 months	12–24 months	Analysis
Residential properties CH	↗	↗	Buying (provided you have the funds and can afford it) has become financially more attractive than renting again. This will drive prices higher.
Office and retail properties CH	↗	↔↗	Demand for good residential, office and commercial properties is increasing. Well-positioned stocks such as Mobimo and PSP will benefit from this in particular.
Real Estate Fund CH	→	↗	Indirect real estate investments (CHREF) rose in September (+3.5%), thereby ensuring a positive end to the quarter (Q3: +3.9%).
Infrastructure Equity / Fund	↗	↗	The outlook for infrastructure operators remains intact: as their borrowing costs are falling, higher profits can be expected.

Equity

## Looking forward to the final quarter

September was a mixed month on the Swiss stock market. In general, defensive stocks tended to perform poorly. This is typical in a phase of growing global economic confidence, when cyclical stocks usually perform better. Industrials in particular fared well, as did insurance stocks. Our portfolios enter the final quarter on a positive note. The outlook remains positive.

September was a good month for cyclical industrial stocks. The Zug-based fastening technology specialist Bossard (+9% in September) was able to use its monthly performance to close the gap again on the globally active companies Siemens (+7%), Schindler (+5%) and Schneider Electric (+3%). These have already achieved a double-digit total return since the beginning of the year, which in some cases has been significant.

Our funds from India (+4%), which is proving to be an increasingly attractive business location, also benefited from the cyclical upturn.

The same can be said of Sika (+3%). Sika has a great deal of expertise, for example in making high-rise buildings earthquake-proof, in developing waterproof concrete, and in making the floor in a data center free of static electricity. In a circular economy, there is also growing demand for ways to reuse construction waste on site with additives for new buildings.

Sika's business model is aligned with the macroeconomic trends on which we are betting across the entire portfolio: Sika is not in a stagnating market, but in a structural growth market that is currently worth CHF 110 billion. As a global leader, Sika has a market share of 11% and thus benefits from trends such as increasing urbanization, growing demand for infrastructure, and the more recent requirements for digitalization and decarbonization.

The emerging markets are growing faster than the established

industrialized nations and already generate 41% of Sika's sales. As the No. 1 with the broadest product range, Sika is growing faster than its competitors (market penetration), although the best thing about the business model is that gross profit is growing faster than sales, meaning that the business is scalable. This works like compound interest if you hold the share for ten years instead of just one. In this way, macroeconomic trends ultimately flow into our investment decisions via industry analyses and individual business models.

That is just one example. In this process, we are also increasingly using large computing capacities to support selection with the help of artificial intelligence.

Industry assessments remain important, and for years, for example, we have given the insurance industry a much higher weighting than banks. For various reasons, the latter were in the spotlight in September. Reinsurance company Swiss Re (+2%) reported good premium income in Monte Carlo. Zurich Insurance Group (+4%) is reporting a return on equity of almost 20%, which is above the industry average, thanks to the successful commission business of its US subsidiary Farmers. The shareholders will benefit from this with an above-average dividend.

Axa (+1%), a global leader in property insurance, is receiving support from the increasing demand among companies to insure themselves against business interruptions. Swiss Life (+3%) benefited in particular from lower interest rates. These will lead to a higher valuation of real estate holdings in the coming 18 months due to the application of lower discount rates. Europe's largest real estate investor is therefore likely to generate record fee income in the near future, because a significant portion of the real estate and infrastructure assets are held for third parties.

Asset sub-class	3-6 months	12-24 months	Analysis
Equity Switzerland	→↗	↗	In the healthcare sector in particular, we are favorably impressed by the medium-term outlook for Novartis and Roche.
Equity Eurozone, Europe	↗	↗	Here, one must distinguish between a national economy and a global company, which typically rarely generates more than 40% of its sales in Europe.
Equity USA	→↗	↗	Election-sensitive stocks are avoided completely. US stocks are valued partly impressively, partly still fairly. The search for balance remains important.
Equity Emerging markets	↗	↗	In China, there is increasing deflationary pressure: producer and real estate prices are falling rapidly. The central authorities are fighting against this.



Alternative investments

## Private equity trend goes up

**With interest rates lower, IPOs and takeover activity are on the rise again. Private market companies are among the main beneficiaries. They are involved in one in four transactions worldwide. The focus is on freeing up capital by selling off existing portfolio companies. In addition, there are fresh commitments in new, promising markets and business models.**

Partners Group's success is unparalleled in Switzerland. Founded 25 years ago in Zug, the company now employs more than 1,800 people worldwide on every continent and in a wide range of roles. One of its core tasks is to carefully identify interesting investment opportunities for the 149 billion dollars (13% growth rate over ten years!) that Partners Group has been entrusted with in long-term vehicles.

Investments can arise for a variety of reasons. For example, it may be an entrepreneur who cannot find a suitable succession solution within the family. But it may also be due to an industry trend, such as the need for more data centers that are to be operated with renewable energy.

Partners Group and EQT are among the leading private equity companies in Europe, with EQT increasingly focusing on very large deals and Partners Group tending to see its strength as being in the medium-sized buyout business.

This is a segment that barely features in the listed markets and thus also in the investment portfolios. That is why private equity is always a diversification to an existing public equity portfolio in the real economy, in which primarily large companies are found.

For example, Partners Group acquired the Swiss luxury watchmaker Breitling for its clients and successfully developed it further under

the co-investing CEO Georges Kern. Partners Group also acquired a majority stake in the Rosen Group as part of a succession plan for the founder Hermann Rosen.

The company, headquartered in Stans in central Switzerland, is now further strengthened as a market leader – with innovative solutions and outstanding services based on our expertise in various technology areas and further developed with advanced digital and AI-based capabilities.

At some point, a company also has to be transferred into new hands again. This could be an IPO. Partners Group is pursuing this with KinderCare Learning Companies. The 55-year-old institution, which operates under various brands in over 2,000 locations, providing premium daycare and educational services for children up to the age of 12, is to be listed in the US. Partners Group bought the group nine years ago and has continued to develop it. The first attempt at an IPO in 2021 had to be abandoned in the middle of the pandemic.

A two-pronged approach that could also have led to an IPO was the sales process at Techem, where Partners Group was the majority shareholder with two Canadian pension funds as co-investors. The buyer was the well-known TPG from America, together with the minority investor GIC, the Singapore sovereign wealth fund.

This is one of the largest sovereign wealth funds in the world and likes to hold equities, hoping to achieve better returns than holding government bonds. The valuation of €6.7 billion represents around 12.1 times gross profit (EBITDA), and is significantly higher than the enterprise value of €4.6 billion at which Techem was acquired in 2018. The transaction had no impact on the Techem bond, which we hold in COF.

Asset sub-class	3–6 months	12–24 months	Analysis
Commodities	→	→↗	Geopolitical risks could have an impact on commodity prices. However, the current trend suggests the opposite price development.
Gold, precious metals	↗	→	In Swiss francs, the price of gold rose slightly above the 2,200-franc per ounce mark after five months of stagnation. Demand from India was strong.
Insurance Linked Securities	→↗	↗	These are interesting financial instruments that are linked to certain insurance risks and can diversify a portfolio.
Private equity	↗	↗	Adjusted for the dividend, Partners Group's shares reached their highest level since December 2021 at the beginning of October.

## Market data

Asset class		Price (in local currency)			Monthly / YTD / Annual performance (in CHF)		
		30.09.2024	09/2024	2024 YTD	2023	2022	2021
<b>Equity</b>							
SMI	CHF	12'168.9	-2.2%	+9.3%	+3.8%	-16.7%	+20.3%
SPI	CHF	16'241.9	-1.6%	+11.5%	+6.1%	-16.5%	+23.4%
DAX	EUR	19'324.9	+2.4%	+17.0%	+13.1%	-16.3%	+10.4%
CAC 40	EUR	7'635.8	+0.2%	+2.6%	+9.6%	-13.9%	+23.6%
FTSE MIB	EUR	34'125.3	-0.6%	+14.0%	+20.4%	-17.3%	+17.3%
FTSE 100	GBP	8'237.0	-0.3%	+12.6%	-0.3%	-8.8%	+16.7%
EuroStoxx50	EUR	5'000.5	+1.0%	+12.1%	+12.1%	-16.0%	+16.0%
Dow Jones	USD	42'330.2	+1.1%	+13.0%	+3.5%	-7.7%	+22.2%
S&P 500	USD	5'762.5	+1.3%	+21.6%	+13.1%	-18.5%	+30.6%
Nasdaq Composite	USD	18'189.2	+1.9%	+21.9%	+30.6%	-32.3%	+25.0%
Nikkei 225	JPY	37'919.6	-0.5%	+12.2%	+8.6%	-19.7%	-2.6%
Sensex	INR	84'299.8	+1.7%	+16.7%	+7.4%	-4.8%	+23.2%
MSCI World	USD	3'723.0	+0.9%	+18.2%	+10.8%	-18.5%	+23.7%
MSCI EM	USD	1'170.9	+5.7%	+15.1%	-2.6%	-21.5%	-1.8%
<b>Bonds (mixed)</b>							
Glob Dev Sov (Hedged CHF)	CHF	156.3	+0.7%	+0.6%	+2.2%	-13.2%	-3.0%
Glob IG Corp (Hedged CHF)	CHF	188.1	+1.2%	+2.0%	+4.2%	-16.7%	-2.0%
Glob HY Corp (Hedged CHF)	CHF	360.5	+1.4%	+6.2%	+8.7%	-13.6%	+1.4%
USD EM Corp (Hedged CHF)	CHF	278.1	+1.4%	+4.7%	+4.5%	-18.2%	-2.7%
<b>Government bonds</b>							
SBI Dom Gov	CHF	185.3	+0.4%	+3.2%	+12.5%	-17.0%	-4.2%
US Treasury (Hedged CHF)	CHF	142.5	+0.9%	+0.5%	-0.5%	-15.0%	-3.5%
Eurozone Sov (Hedged CHF)	CHF	181.6	+1.1%	+0.0%	+4.8%	-18.9%	-3.7%
<b>Corporate bonds</b>							
CHF IG Corp (AAA-BBB)	CHF	188.2	+0.6%	+3.5%	+5.7%	-7.5%	-0.5%
USD IG Corp (Hedged CHF)	CHF	192.2	+1.4%	+2.0%	+3.5%	-18.5%	-2.3%
USD HY Corp (Hedged CHF)	CHF	613.8	+1.3%	+4.7%	+8.5%	-13.7%	+4.1%
EUR IG Corp (Hedged CHF)	CHF	167.6	+1.0%	+1.9%	+5.9%	-14.1%	-1.2%
EUR HY Corp (Hedged CHF)	CHF	299.3	+0.7%	+4.3%	+9.8%	-10.9%	+3.2%
<b>Alternative investments</b>							
Gold Spot CHF/kg	CHF	71'623.8	+4.6%	+27.2%	+0.8%	+1.0%	-0.6%
Commodity Index	USD	100.3	+3.7%	+2.4%	-20.4%	+15.1%	+30.8%
SXI SwissRealEstateFunds TR	CHF	2'566.7	+3.5%	+9.7%	+5.4%	-17.3%	+7.6%
<b>Currencies</b>							
US dollar / Swiss franc	CHF	0.8456	-0.5%	+0.5%	-9.0%	+1.3%	+3.1%
Euro / Swiss franc	CHF	0.9416	+0.3%	+1.4%	-6.1%	-4.6%	-4.0%
100 Japanese yen / Swiss franc	CHF	0.5883	+1.2%	-1.4%	-15.4%	-11.0%	-7.5%
British pound / Swiss franc	CHF	1.1310	+1.4%	+5.5%	-4.2%	-9.3%	+1.9%

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