



Hünenberg, Canton of Zug (Photo: Andreas Busslinger)

Pre-Christmas optimism

The start to a positive final quarter, historically the best quarter of the year, has been narrowly achieved. The stock markets in particular have contributed to this. On the stock markets, most of the third-quarter reporting season, which is traditionally linked to an outlook for the coming year, has been completed. The initial reports were encouraging, especially in the technology sector, where there were fears that valuations might already be too high. By contrast, consumer demand slowed in the third quarter, leading to more moderate confidence across the sector.

The commercialization of Anthropic, OpenAI, and Gemini, three key companies in the entire universe of artificial intelligence (AI), is progressing. Their most important shareholders, such as Amazon, Microsoft, and Alphabet, are currently investing hundreds of billions in data centers – with corresponding implications for the construc-

tion industry, sustainable energy sources, and modern power grids.

This is leading to a cross-sector expansion of increased order books and future-oriented confidence, in which the “Magnificent 7” stocks (Apple, Amazon, Alphabet, Nvidia, Meta, Microsoft, Tesla) are no longer the only leaders. Their shares have still risen considerably in dollar terms since the beginning of the year (+25%), and in Swiss francs they have risen by +11% so far this year.

The upturn has broadened recently. In addition, companies linked to the AI value chain have benefited greatly in some cases. These may also be companies that deal with electricity grids (including Enel and Iberdrola), data center power supply (including RWE, E.ON, Engie, and Brookfield Renewable), and energy efficiency (including Belimo). This is why our DecarbRevo solutions have performed so well since the beginning of the year.

Modest harvest in October

The portfolios rose slightly in October, more than compensating for the decline in returns in the previous month. Equity-focused strategies in particular made noticeable gains. The Swiss Market Index (SMI) rose in October (+1.0%), which was also reflected in the strategies (Revo4, Revo5). In the lower-risk portfolios, the effect of the positive monthly return was roughly proportional to the equity exposure. A similar pattern could also be observed in the vested benefits solutions.

Our decarbonization strategies recorded another excellent month.

With the trend toward additional, sustainable energy sources and infrastructure in connection with the boom in data centers, the positive performance of our decarbonization strategies continued. Annual returns are now +13.1% (DecarbRevo3, max. 60% equities, in Swiss francs) and +17.2% (DecarbRevo5, max. 100% equities). The best stocks in these portfolios include North American and European names such as Bloom Energy, Acciona, Brookfield Renewable, RWE, Engie, E.ON, Enel, Iberdrola, and American Electric Power, as well as Swiss companies Accelleron Industries and Belimo.

Strategies mainly based on individual titles

	Strategy performance*	
	October 2025	YTD 2025
Zugerberg Finanz R1	+0.2%	+1.2%
Zugerberg Finanz R2	+0.5%	+1.9%
Zugerberg Finanz R3	+0.5%	+2.5%
Zugerberg Finanz R4	+0.8%	+2.7%
Zugerberg Finanz R5	+0.7%	+2.6%
Zugerberg Finanz RDividends	+0.2%	+8.8%
Zugerberg Finanz Revo1	+0.4%	+1.7%
Zugerberg Finanz Revo2	+0.7%	+2.4%
Zugerberg Finanz Revo3	+0.7%	+3.1%
Zugerberg Finanz Revo4	+1.0%	+3.4%
Zugerberg Finanz Revo5	+1.0%	+3.8%
Zugerberg Finanz RevoDividends	+0.1%	+8.1%
Zugerberg Finanz DecarbRevo3	+5.2%	+13.1%
Zugerberg Finanz DecarbRevo4	+6.1%	+15.3%
Zugerberg Finanz DecarbRevo5	+6.8%	+17.2%

Zugerberg Finanz Vested benefits

	Strategy performance*	
	October 2025	YTD 2025
Zugerberg Finanz Vested benefits R0.5	+0.2%	+0.6%
Zugerberg Finanz Vested benefits R1	+0.3%	+1.6%
Zugerberg Finanz Vested benefits R2	+0.5%	+2.2%
Zugerberg Finanz Vested benefits R3	+0.7%	+3.6%
Zugerberg Finanz Vested benefits R4	+0.6%	+3.5%
Zugerberg Finanz Vested benefits R5	+0.7%	+2.6%
Zugerberg Finanz Vested benefits RDividends	+0.2%	+8.8%

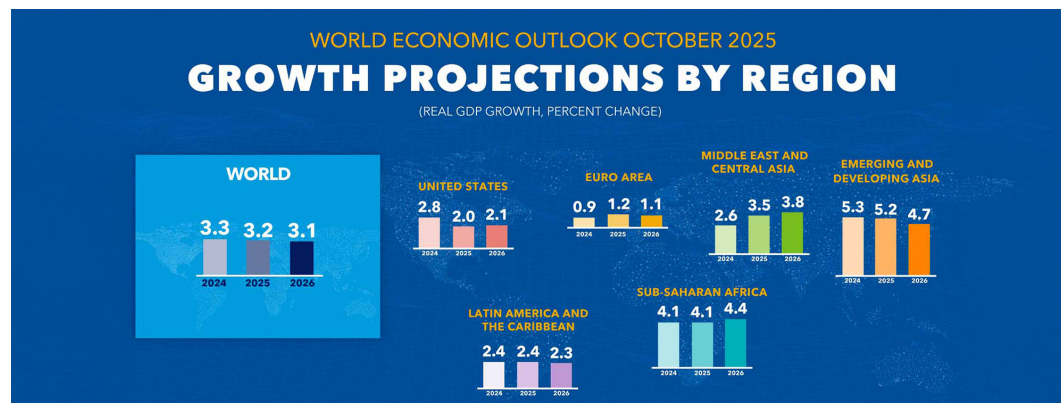
Zugerberg Finanz 3a pension solution

	Strategy performance*	
	October 2025	YTD 2025
Zugerberg Finanz 3a Revo1	+0.4%	+1.7%
Zugerberg Finanz 3a Revo2	+0.7%	+2.4%
Zugerberg Finanz 3a Revo3	+0.7%	+3.1%
Zugerberg Finanz 3a Revo4	+1.0%	+3.4%
Zugerberg Finanz 3a Revo5	+1.0%	+3.8%
Zugerberg Finanz 3a RevoDividends	+0.1%	+8.1%
Zugerberg Finanz 3a DecarbRevo3	+5.2%	+13.1%
Zugerberg Finanz 3a DecarbRevo4	+6.1%	+15.3%
Zugerberg Finanz 3a DecarbRevo5	+6.8%	+17.2%

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

Macroeconomics

Strong real economic growth likely to continue in 2026



The IMF's real GDP growth forecasts at a glance (Image source: International Monetary Fund, October 2025)

IMF economists forecast real growth of +3.2% for the global economy in the current year, which is expected to slow only slightly in the coming year. Growth in India is outstanding, while the US and large parts of Europe are expected to grow at roughly the same pace. In Europe, Spain is leading the way in attracting new industrial companies with growth of around +3%, thanks in part to its forward-looking energy policy.

Uncertainty was the central topic among investors and central bankers at the autumn meeting of the IMF and World Bank in Washington. There are various reasons for this, including the debate about whether the US economy is accelerating again thanks to the AI-related investment cycle or slowing down structurally due to negative net migration.

At least the decline of the US dollar since Donald Trump's inauguration seems to have stopped (at around -12% against the Swiss franc). However, the ongoing trade tensions between the major powers of the US and China, as well as political uncertainty in the US and other countries, are important factors that leave no room for exuberant optimism on the capital markets.

Realism characterizes the present. The longer-than-usual shutdown of the US administration and the associated data blockade (numerous statistics remained unpublished) were also unhelpful. There is much discussion about a possible wave of deregulation in the US financial sector (while the Swiss Federal Council wants to take the opposite direction) and its impact on the economy and financial stability.

A constant topic of discussion among investors remains the outlook for risky investments and the question of whether their strong returns since the beginning of the year (in local currency) can be sustained in this climate of uncertainty and what could trigger a deterioration. Overcoming fears, including the recent corporate bankruptcies (First Brands, Tricolor in the US) and their significance for the credit market as a whole, is not an unusual topic.

A year ago, the biggest uncertainty was the outcome of the US elections; currently, the focus is more on deciphering the (economic and trade) policy direction of the major economic powers. It is clear that Donald Trump is primarily concerned with short-term deals and successes (e.g., soybean sales), while Xi Jinping tends to think more long-term and strategically (e.g., market position in rare earths).

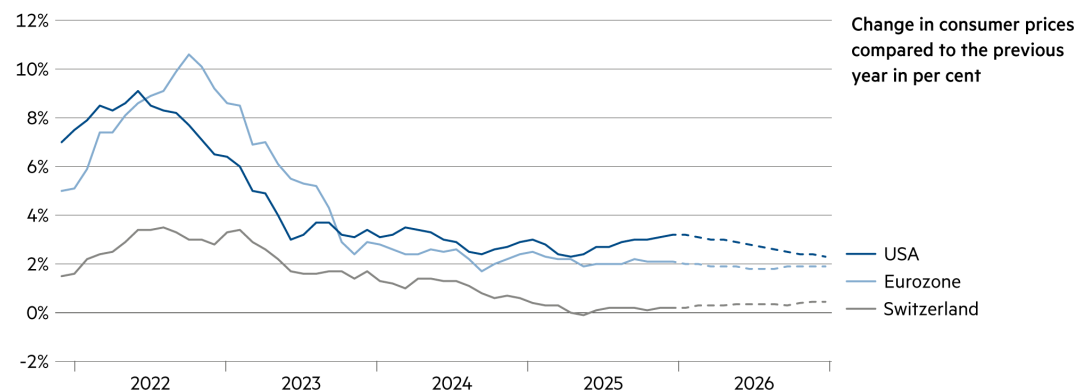
Despite a rather cautious stance among institutional investors, there are also reasons for optimism. The global outlook appears intact, and the opportunities for growth plans in emerging markets are even pronounced. Their growth is also feeding back into an overall better macroeconomic situation in the industrialized countries.

Global growth rates are significantly higher than had been forecast six months ago. Moderate inflation rates, falling prices on the global energy and commodity markets, improved financing conditions, and, in particular, the weaker US dollar are boosting growth in numerous industrialized and emerging markets. India, for example, is benefiting not only from its young human capital, but also from the trend toward multi-shoring.

Region	3–6 months	12–24 months	Analysis
Switzerland	↗	↗	Switzerland is taking few steps toward reform to increase competitiveness. The financial center is losing market share and significance.
Eurozone, Europe	↗	↗	Inflation in the eurozone is slowing (October: 2.1%). Unfortunately, this is also a result of the weak economy. Germany remains incapable of reform.
USA	→↗	→↗	The sharp decline in the value of the dollar is causing a global flight to less secure investments and structurally increasing the risk of financial bubbles and economic crises.
Rest of the world	↗	↗	China's global leadership in solar and wind power is breathtaking: emerging and developing countries are buying more and more of these technologies.

Liquidity, currency

Different inflation outlooks



Low inflation in Switzerland – for the time being (Source: Federal Statistical Office, Consensus Economics; dotted lines: expectations according to Consensus Economics | Graphic: Zugerberg Finanz)

Following the sharp post-pandemic rise in inflation in 2022, prices rose less sharply in the following years. In Switzerland, the inflation rate is only slightly above 0%, which is why the Swiss National Bank (SNB) left its key interest rate unchanged at 0% in September. In the eurozone, the inflation rate is close to the target of 2%, and in the US it is likely to remain elevated for some time.

Inflation in Switzerland could certainly rise slightly in the coming quarters, but it is likely to remain below 1% for the next two years. This means that price stability is guaranteed in the medium term. However, this is also linked to the forecast that the Swiss franc will remain strong.

The clouding of the economic outlook in the US, as well as weaknesses in the labor market and, increasingly, in consumer demand, are likely to prompt the US Federal Reserve (Fed) to cut key interest rates by 25 basis points at least three times in the next four quarters. This would reduce the key interest rate in the US to around 3.0%. This would roughly correspond to the structurally higher inflation rate and the trend of the dollar depreciating against the Swiss franc by around 3% per year.

In the Eurosystem, which includes the European Central Bank (ECB) and 20 national central banks, the goal is to keep inflation at 2% in the medium term. The inflation trauma was the “Great Inflation” from 1965 to 1982, which caused continuous currency devaluations. In Italy, for example, where the lira had climbed to astronomical heights, there were hardly any banknotes with a value of

500'000 lire left, but calculating large sums caused difficulties for many people.

In 1999, Italy joined the euro exchange rate mechanism, and in 2002, the lira was finally replaced by the euro. This enabled Italy, like many other countries, to gain confidence in a currency and maintain purchasing power for the first time in its history. Today, 83% of Europeans support the euro, both as a means of payment and as a tangible sign of shared goals and visions. Most recently, the euro has gained strength, particularly against the US dollar. Foreign issuers are increasingly issuing bonds in euros.

Trust in a currency is still not a given everywhere. In Turkey, for example, inflation rose to over 80% in 2022 due to President Erdoğan's insistence on low interest rates. This eroded the value of the Turkish lira, undermined the confidence of the impoverished population, and led to instability. Later, the Turkish central bank initiated a change of course and raised interest rates sharply in 2023 and 2024. This helped to reduce inflation, but it remains high at over 30%.









A stable currency alone is not enough. To be innovative and remain competitive in the long term, every economy must renew its capital stock. Decisive action is needed to create conditions that make it easier for companies to invest, i.e., by removing bureaucratic hurdles, reviewing regulations, and speeding up approvals. Labor market and education policies are also part of this, and venture capital is needed as a driver of growth.

Asset class	3–6 months	12–24 months	Analysis
Bank account	↘	↘	We expect the SNB's key interest rate to remain at 0% even after the monetary policy assessment in December – bank interest rates do not exist as such.
Euro / Swiss franc	→	→↘	Financial stability in the eurozone is certainly greater than in the dollar area, but more needs to be done to return to moderate growth.
US dollar / Swiss franc	→↗	↘	The weakness of the dollar is also evident in its role as a global reserve currency: since 2014, its share has fallen from 62% to 56% (the euro remained at 20%).
Euro / US dollar	→↗	↗	The euro could massively improve its position if the fragmented capital market and structural weaknesses in the financial sector were overcome.

Bonds

Huge differences in government bond yields

Yields on government bonds
in international comparison

								
	Switzerland	Germany	France	Greece	UK	USA	China	India
2-year government bonds	-0.1%	2.0%	2.2%	1.9%	3.8%	3.6%	1.4%	5.8%
10-year government bonds	0.1%	2.6%	3.4%	3.3%	4.4%	4.1%	1.8%	6.5%

Government bond yields in international comparison (Source: Bloomberg | Graphic: Zugerberg Finanz)

Short-term bond yields in Switzerland have already fallen significantly into negative territory (-0.2%), while long-term yields have remained marginally positive (+0.1%). China also has low interest rates and is struggling with a sluggish domestic economy and pronounced deflation (falling wages, falling prices, falling employment). In contrast, the Fed believes it must continue its restrictive monetary policy despite unfavorable signals from the labor market.

The government bond market was characterized by increased volatility in October, but also by optimism. On the diplomatic front, the ceasefire between Israel and Hamas seems to have given President Trump some leeway to seek solutions to the war between Ukraine and Russia. The possible use of long-range missiles, which the US could provide to Ukraine, is once again the focus of discussions and could increase pressure on Putin to move towards an agreement.

Meanwhile, Prime Minister Lecornu in France survived two no-confidence votes and struck a deal with the Socialist Party by promising to suspend the 2023 pension reform – a high price to pay for the government to remain in power. The starting point for the budget debate is a deficit target of 4.7% (as a percentage of GDP) for 2026, following an estimated 5.4% in 2025. France is still subject to an excessive deficit procedure and would need to converge towards 3% over time.

S&P downgraded France's rating from AA- to A+, with a stable

outlook, based on arguments very similar to those used by Fitch when it recently downgraded the country's credit rating. The lack of political stability called into question the debt dynamics and the ability of any government to keep the deficit on the necessary reduction path. The suspension of the 2023 pension reform prompted S&P to downgrade France's rating.

German lawmakers have received the EU Commission's support for expanded infrastructure spending in Germany. As a result, long-term bond yields there are significantly lower than in France. Surprisingly, however, the yield on 2-year Greek government bonds is even lower than that of Germany. Greece has earned much recognition on the capital markets with targeted reforms.

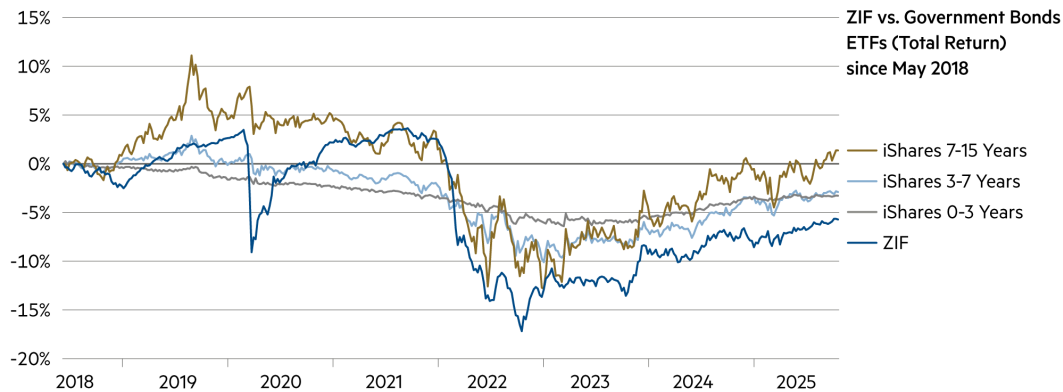
In the US itself, budget agreements were more difficult to reach as the government shutdown continues without progress in resolving the differences between the political parties. This seems to satisfy the markets, as they assume that bond yields are likely to fall with lower government spending. In fact, the Fed confirmed the most minimal market expectations with its 25 basis point cut in key interest rates.

Also in the US, credit spreads were put to the test by actual credit events. In addition to the defaults by subprime auto lender Tricolor and auto parts manufacturer First Brands, there were cases of fraud involving commercial mortgage loans. However, strong third-quarter results from the largest US banks and companies helped stabilize credit markets.

Asset sub-class	3–6 months	12–24 months	Analysis
Government bonds	→	→	Hopes for interest rate cuts outside of a recession are clearly too optimistic in the US. But we see a path to neutral monetary policy.
Corporate bonds	↗	↗	Corporate bonds (USD, GBP) are likely to benefit most from the normalization of the previously restrictive monetary policy in the coming quarters.
High-yield, hybrid bonds	↗	↗	Carefully selected, subordinated, and high-yield corporate bonds provide above-average returns and enrich our portfolios.

Zugerberg Finanz bond solutions

Only minor differences remain



ZIF vs. Government Bond ETFs (total return) since launch in May 2018 (Source: Bloomberg | Graphic: Zugerberg Finanz)

Our bond solutions include a conservative option called the **Zugerberg Income Fund (ZIF)**. Since its launch, this fund has suffered two major setbacks. The first was when the COVID-19 pandemic broke out in spring 2020, from which the ZIF managed to recover within a year. However, the interest rate hike phase and the outbreak of the war in Ukraine in 2022 were worse. Recovery is still ongoing – as is the case with Swiss government bonds.

After just over seven years, the differences in returns are relatively small. With the ZIF, the annual return is -0.8%. The ETFs launched by iShares on Swiss domestic government bonds are at -0.5% (0- to 3-year Swiss government bonds) and -0.4% (3- to 7-year Swiss government bonds) respectively.

Only in the area of very long-term bonds (7- to 15-year Swiss government bonds) is the ETF in positive territory at +0.2%. As can be easily seen from the chart above, this ETF also entails increased interest rate and thus volatility risks. In addition, much of the future has already been priced in. The annual return on 10-year Swiss government bonds is now only +0.1%. Not only is this fairly low in nominal terms, but it also means that such an investment is subject to relatively high volatility, i.e., it is not recommended from a risk-adjusted perspective.

The remaining term of a typical bond in the ZIF is significantly lower at 5.9 years (modified duration). On the other hand, the yield to maturity is much higher at +1.4%. Interest rates on short-term Swiss government bonds are back in negative territory. It is this prospect

that makes us confident that the ZIF will achieve a higher return than Swiss government bonds not only in the current year but also in the coming years, thereby completely making up for the slight lag.

With the slightly more risk-tolerant Credit Opportunities Fund (COF), on the other hand, we want to build on the lead we have established over the years, as we explained in our October monthly report. A few new corporate bonds have been added, whose credit ratings are typically lower on average than those in the ZIF, which of course goes hand in hand with higher expected returns.

The core of the COF is not interest rate risks, as is the case with the ZIF and the Swiss funds, but credit risks. Credit risk premiums are collected for this purpose. And, as with a healthy insurance company, the COF performs well when the risk premiums in a given period (e.g., a calendar year) are higher than the actual claims. However, a single month can sometimes be accompanied by disappointing fluctuations.

The new bonds include a hybrid bond (BB+ rating) from Around-town, a broadly diversified real estate company with good connections in business circles, which has billions in liquidity and wants to opportunistically grab a piece of the growing data center pie in Germany. The Frankfurt financial center is one of the world's top data center locations. The majority of the expected investment of more than €24 billion for German data centers will be invested there over the next four years.

	Zugerberg Income Fund	Credit Opportunities Fund
Yield in 2025 (since the beginning of the year)	+2.2%	+3.3%
Yield since the start (annualized)	-5.7% (-0.8%)	+38.8% (+2.6%)
Proportion of months with positive yield	58%	68%
Credit risk premium in basis points (vs. previous month)	90 BP (+0 BP)	401 BP (+19 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

Pronounced price dynamics for condominiums



Real estate on Lake Zurich (Image source: stock.adobe.com)

The price momentum for condominiums continued in the third quarter of 2025. Compared to the previous year, prices rose significantly (+3.9%), with above-average increases in Central Switzerland (+7.0%). By contrast, price growth for single-family homes slowed. However, low financing costs mean that owner-occupied homes are likely to continue to offer clear advantages over rental apartments. Nevertheless, the macroeconomic environment is likely to lead to a more moderate rate of increase in the coming year.

The low interest rate environment makes it possible to finance a SARON-based mortgage loan at less than 1.0%. When purchasing real estate for rental purposes ("investment property"), the financing costs are likely to be slightly higher, but ultimately the current financing environment is attractive – even from a historical perspective. From 2009 to 2025, the average interest rate for existing mortgages was only 1.8%. That is less than half the historical average of 4.5% for the period from 1850 to 2008.

Current mortgage rates have led to a noticeable surge in demand over the past 12 months, which is likely to continue in the coming year. This can be seen from the fact that, according to the latest data, the volume of outstanding mortgages expanded by CHF 36 billion within a year at the end of August 2025 (+3.0% year-on-year according to the Swiss National Bank).

Because prices for residential property have risen faster than wages, the affordability hurdle for mortgage loans has also

increased. This narrows the circle of potential buyers. In addition, job security has declined in recent months, partly due to US tariffs on Swiss products.

Another important factor is how to deal with the volume of mortgage loans. For money market mortgages, the SARON, which is determined by the Swiss National Bank's (SNB) key interest rate, is the central reference value. Over the past 40 years or so (i.e., during a period of structural interest rate cuts), this form of financing has usually offered cost advantages over fixed-rate mortgages. The latter, on the other hand, offer greater planning security and protect against rising interest rates. This is highly valued by the vast majority of Swiss households. In 2024, 75% of all outstanding mortgages were fixed-rate mortgages.

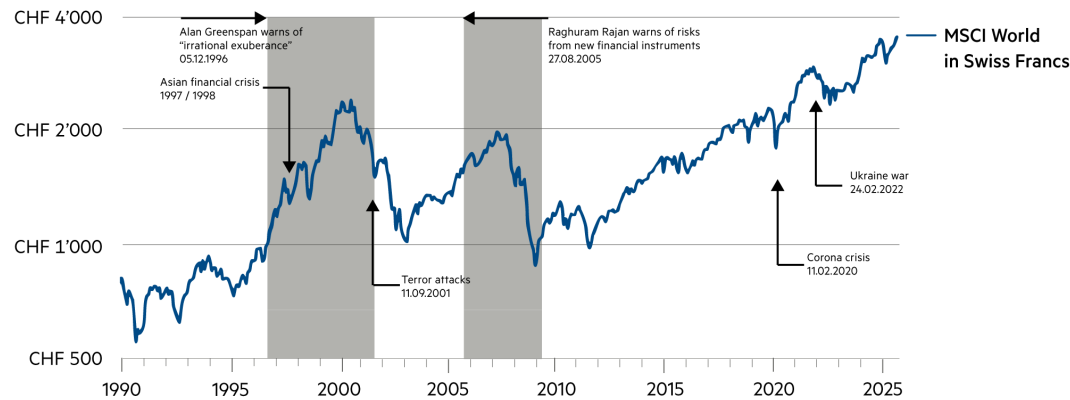
In terms of amortization, it pays off to forego this option if the expected return on investment of the surplus liquidity (e.g., 3.0% in a balanced mandate) exceeds the cost of the mortgage loan (e.g., 1.0%). After the system change, private owners will no longer be able to use mortgages for tax optimization. This creates a fundamental incentive for amortization in order to reduce the interest burden.

However, a home with little debt ties up a lot of equity in the long term and thus poses a considerable cluster risk for asset development. An appropriate loan-to-value ratio of 30% to 60% of the mortgage lending value, on the other hand, promotes diversification and creates scope for higher-yield investments, such as a dividend-oriented investment solution.

Asset sub-class	3–6 months	12–24 months	Analysis
Residential properties CH	↗	↗	The SWIIT real estate index recently reached a new high for the year and is clearly in positive territory after 10 months (+8.7% ytd).
Office and retail properties CH	→↗	↗	There is still a lack of the necessary administrative and regulatory flexibility that would enable dense living and working in a permeable manner.
Real Estate Fund CH	→	→↗	The Swiss Real Estate Fund Index (CHREF) received another boost in October due to low interest rates and higher MFH transaction prices: +3.2%.
Infrastructure Equity / Fund	↗	↗	European infrastructure stocks such as Engie (+42% ytd), Vinci (+19%) and Veolia (+9%) are performing well, as are BKW (+23%) and Zurich Airport (12%).

Equity

The history of warnings on the stock market



The MSCI World Index in the context of historical events and crises (Source: Bloomberg | Graphic: Zugerberg Finanz)

Recently, investors with significant exposure to US markets in particular have been voicing concerns about whether a bubble may have formed and whether it is now time to take profits. We see little reason for concern. Even in the most risk-tolerant portfolios, US equities account for no more than 20% of the weighting. The majority of the portfolio is invested in Swiss companies with strong cash flow, promising sustained dividend income.

There has always been talk of an imminent crash. The difference today is that, thanks to the internet, the prophets of doom can quickly reach a much wider audience than they could a few decades ago. Every time there is talk of a record high, the news is full of new warnings, setbacks, and crises. A slump in share prices would undoubtedly be painful, but those who are saving for their retirement can think long term.

It is also important to remember that every share price not only anticipates an optimistic future – there is always a degree of pessimism built into all prices. Incidentally, the world stock index was unaffected by the Asian crisis of 1997/98. Anyone who listened to Alan Greenspan, then chairman of the Federal Reserve, and his warning of “irrational exuberance” in December 1996 made a big mistake.

Of course, terrorist attacks such as those on September 11, 2001, the global financial crisis in 2008/09, and the start of the war in Ukraine on February 24, 2022, lead to temporary declines in stock

prices. There have also been oil price shocks, fears of bird flu, and a New Economy bubble. “I guarantee you that there will be a huge crash at some point,” says Harvard economist Kenneth Rogoff, adding: “Even after the crash, stock prices could be higher than they are today.”

In his memoirs, Greenspan drew the lesson: “You can’t tell when a market is overvalued.” The hard truth is that you should invest money when you have it, and not wait until the markets seem favorable. And you should be careful not to buy stocks with money that you will need again in a few years. Or at least only do so if you can cope with a certain loss.

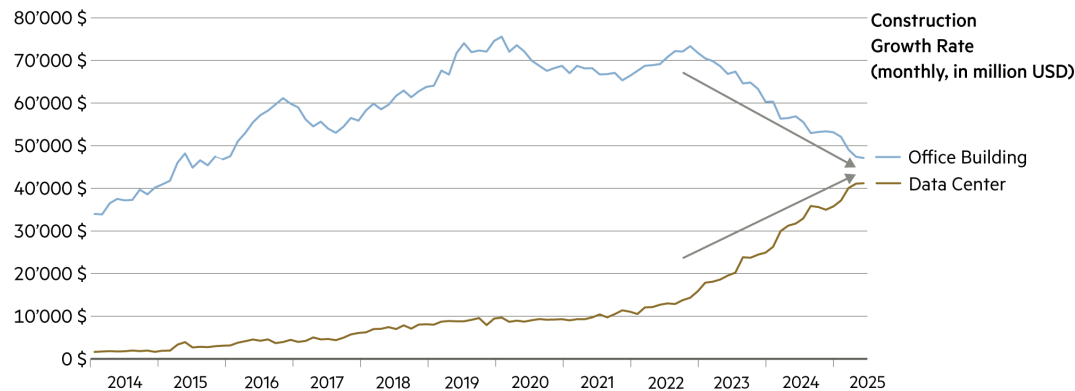
Another important factor is diversification. Our portfolios are better diversified than the MSCI World, which is dominated by a few US tech stocks. It is more concentrated than ever before in the history of the capital markets. In addition, 71% of the global stock index consists of US stocks. Emerging markets such as India are not represented at all, real estate is almost absent, and Europe is only represented to a very small extent.

Currently, the markets are characterized by a basic pattern: when interest rates fall, stock prices rise. With ten-year Swiss government bonds currently yielding just 0.1% per annum, it is clear that more and more capital is flowing into stocks, whose dividend yield alone is 2.5% to 4% per annum. You should only be overly concerned if you have invested too little of your truly long-term savings in stocks.

Asset sub-class	3–6 months	12–24 months	Analysis
Equity Switzerland	→ ↗	↗	The Swiss stock market performed extremely well at the beginning of the final quarter, but then declined over the course of the month. It remained at +1.0%.
Equity Eurozone, Europe	→ ↗	↗	Earnings growth in the third quarter relates to many companies that we hold in our portfolios and that have an indirect connection to AI.
Equity USA	→ ↗	→ ↗	So far, the total returns of Holcim, Accelleron, and Engie, for example, have exceeded those of Nvidia (+34% in Swiss francs) and Alphabet (32%).
Equity Emerging markets	→ ↗	↗	In Swiss francs, the MSCI Emerging Markets index rose sharply again in October and is up an impressive +15% ytd, reflecting the positive outlook.

Alternative investments

The construction of data centers is increasing significantly



US-private data centers construction growth; monthly, bn USD (Source: US Census Bureau, Deutsche Bank (29.09.25) | Graphic: Zugerberg Finanz)

The AI boom is also having an impact on the construction and electricity industries. There has been a huge increase in orders for data centers, while orders for general office space in the US have been declining for the third consecutive year. Investment in data centers has tripled since 2022, with the diverse developments in AI being the main drivers behind this growth spurt.

The global economy has never seen anything on this scale before. The Softbank-backed joint venture "Stargate" alone is providing initial investments of \$100 billion, and ultimately perhaps as much as \$500 billion, for OpenAI's new AI infrastructure in the US. Even the recent successes of DeepSeek and the currently low returns from AI projects have not changed the fact that demand for data centers far exceeds supply.

As a result, the capacity of data centers could triple again by 2030, according to estimates by management consulting firm McKinsey. Nvidia also anticipates steep growth rates in its market analysis. The five largest US cloud investors (Amazon, Alphabet/Google, Microsoft, Oracle, and Meta/Facebook) have enormous expansion plans. Alphabet alone is investing \$85 billion in accelerating the availability of data centers this year and is still in the upward phase of a typically S-curve-shaped investment cycle.

This also increases the demand for a round-the-clock electricity supply and significantly improved power grid stability. Power grids

are outdated, particularly in the US, but also in parts of Europe. While until recently efficiency gains in semiconductors were able to keep the growth in electricity demand within limits, demand is currently growing enormously.

An AI-powered query on ChatGPT still consumes 10 times more energy than a search query on Google. Nvidia's latest Blackwell platform is much more energy-efficient than the previous Hopper generation. Ultimately, however, any efficiency gains and lower costs paradoxically lead to an even steeper demand curve (known in economics as the Jevons paradox).

Around 50% of the additional electricity demand is expected to be attributable to data centers in the coming years. In addition, the introduction of electric vehicles is putting further pressure on energy capacities. Rapid advances in physical AI applications (e.g., humanoid robots) could further accelerate investment cycles and increase electricity demand even more.

For this reason, our DecarbRevo investment solutions are performing excellently this year. These promising portfolios include numerous companies that provide advanced, clean (decarbonized) energy solutions. Brookfield, the world's largest infrastructure operator, recently signed a long-term energy supply contract worth \$5 billion with Bloom Energy.

Asset sub-class	3–6 months	12–24 months	Analysis
Commodities	↘	→↗	The World Bank forecasts that commodity prices will fall to their lowest level in six years in 2026, partly due to the oversupply of oil.
Gold, precious metals	→↗	→↗	Gold (+35% in CHF in the current year) is becoming increasingly popular as a foreign exchange reserve among central banks. The SNB has also helped gold to achieve record profits.
Insurance Linked Securities	↗	→↗	Insurance-related bond risks are present in our portfolios to a moderate extent, particularly in vested benefits foundations.
Private equity	↗	↗	Transactions accelerated in the third quarter, suggesting a strong year-end performance for private market managers such as Partners Group.

Market data

Asset class		Price (in local currency)			Monthly / YTD / Annual performance (in CHF)		
Equity		31.10.2025	10/2025	2025YTD	2024	2023	2022
SMI	CHF	12'234.5	+1.0%	+5.5%	+4.2%	+3.8%	-16.7%
SPI	CHF	16'982.0	+1.4%	+9.8%	+6.2%	+6.1%	-16.5%
DAX	EUR	23'958.3	-0.5%	+18.5%	+20.4%	+13.1%	-16.3%
CAC 40	EUR	8'121.1	+2.0%	+8.5%	-1.0%	+9.6%	-13.9%
FTSE MIB	EUR	43'175.3	+0.2%	+24.4%	+14.1%	+20.4%	-17.3%
FTSE 100	GBP	9'717.3	+2.6%	+10.5%	+12.1%	-0.3%	-8.8%
EuroStoxx50	EUR	5'662.0	+1.5%	+14.1%	+9.6%	+12.1%	-16.0%
Dow Jones	USD	47'562.9	+3.7%	-1.0%	+22.1%	+3.5%	-7.7%
S&P 500	USD	6'840.2	+3.5%	+3.0%	+33.4%	+13.1%	-18.5%
Nasdaq Composite	USD	23'725.0	+5.9%	+8.8%	+39.2%	+30.6%	-32.3%
Nikkei 225	JPY	52'411.3	+13.2%	+19.0%	+15.2%	+8.6%	-19.7%
Sensex	INR	83'938.7	+5.9%	-8.3%	+13.8%	+7.4%	-4.8%
MSCI World	USD	4'390.4	+3.1%	+4.9%	+26.6%	+10.8%	-18.5%
MSCI EM	USD	1'401.6	+5.4%	+15.4%	+13.6%	-2.6%	-21.5%
Bonds (mixed)		31.10.2025	10/2025	2025YTD	2024	2023	2022
Glob Dev Sov (Hedged CHF)	CHF	153.3	+0.4%	+0.1%	-1.4%	+2.2%	-13.2%
Glob IG Corp (Hedged CHF)	CHF	188.3	+0.2%	+2.9%	-0.8%	+4.2%	-16.7%
Glob HY Corp (Hedged CHF)	CHF	377.6	+0.7%	+4.8%	+6.1%	+8.7%	-13.6%
USD EM Corp (Hedged CHF)	CHF	288.2	+1.3%	+6.0%	+2.4%	+4.5%	-18.2%
Government bonds		31.10.2025	10/2025	2025YTD	2024	2023	2022
SBI Dom Gov	CHF	190.3	+1.1%	+1.9%	+4.0%	+12.5%	-17.0%
US Treasury (Hedged CHF)	CHF	139.3	+0.2%	+2.2%	-3.8%	-0.5%	-15.0%
Eurozone Sov (Hedged CHF)	CHF	178.8	+0.7%	-0.8%	-0.8%	+4.8%	-18.9%
Corporate bonds		31.10.2025	10/2025	2025YTD	2024	2023	2022
CHF IG Corp (AAA-BBB)	CHF	193.3	+0.3%	+1.2%	+5.1%	+5.7%	-7.5%
USD IG Corp (Hedged CHF)	CHF	190.4	0.0%	+3.4%	-2.4%	+3.5%	-18.5%
USD HY Corp (Hedged CHF)	CHF	629.7	-0.2%	+3.6%	+3.7%	+8.5%	-13.7%
EUR IG Corp (Hedged CHF)	CHF	170.4	+0.5%	+1.5%	+2.0%	+5.9%	-14.1%
EUR HY Corp (Hedged CHF)	CHF	311.0	-0.1%	+2.7%	+5.4%	+9.8%	-10.9%
Alternative investments		31.10.2025	10/2025	2025YTD	2023	2022	2021
Gold Spot CHF/kg	CHF	103'547.0	+4.8%	+35.2%	+36.0%	+0.8%	+1.0%
Commodity Index	USD	107.3	+3.8%	-3.8%	+8.3%	-20.4%	+15.1%
SXI SwissRealEstateFunds TR	CHF	2'967.9	+3.2%	+9.3%	+16.0%	+5.4%	-17.3%
Currencies		31.10.2025	10/2025	2025YTD	2024	2023	2022
US dollar / Swiss franc	CHF	0.8046	+1.0%	-11.3%	+7.8%	-9.0%	+1.3%
Euro / Swiss franc	CHF	0.9283	-0.7%	-1.3%	+1.2%	-6.1%	-4.6%
100 Japanese yen / Swiss franc	CHF	0.5224	-3.0%	-9.3%	-3.4%	-15.4%	-11.0%
British pound / Swiss franc	CHF	1.0583	-1.2%	-6.8%	+6.0%	-4.2%	-9.3%

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