Zugerberg, Hochmoor, Eigenried, Rigi (Photo: Andreas Busslinger)

Laying the groundwork for 2024

In December, we start to set the course for the coming year. Due to declining inflation, key central bank rates are also expected to fall. If the USA loses some of its growth momentum in the first half of the year, key interest rates could fall faster than currently expected. We remain optimistic. Only the real rubber will hit the road.
It is important that the discount rates for future earnings are set lower because the "risk-free" government bond yields have already fallen and will fall further. This in turn ensures that all real assets with positive cash flows that can be generated in a stable manner over a longer period are likely to see a higher valuation over the next two years. This will benefit areas such as infrastructure companies, residential real estate and industrial and service companies with a high proportion of recurring business. These include technology providers such as Microsoft, Apple and Google. And this also includes service providers such as SAP (ERP software) and the logistics providers such as Kühne+Nagel and DHL.
We are more cautious when it comes to industrial companies and closely examine their recession resilience. We are avoiding a lot of metal and mechanical engineering. Instead, we favor global leaders such as Schneider Electric and Siemens, which have a high proportion of industrial IT in their business model. They are in close contact with their customers and are generating considerable progress in work processes thanks to the increased use of artificial intelligence. This increases the productivity and thus the competitiveness of their customers.
However, there are also smaller industrial companies that have achieved their outstanding market position in niche markets primarily through their service quality. Examples include Accelleron, Bossard, u-Blox and Also.

The November performance was very good

November was a good month for all asset classes. The bonds in our portfolios rose significantly by around +2.7%. Infrastructure stocks (+7.5%) rose more strongly on average than the Swiss Market Index (SMI: +4.5%). On the equity markets, the monthly performance of our equities was positive almost everywhere. European stocks performed the strongest (Siemens +23%, Partners Group +20%, DHL +17%, Swissquote and SAP +15% each). US tech stocks (Microsoft +12%, Apple +11% and Alphabet +7%) also made significant gains. The private markets manager KKR performed significantly better (+37% in November). The dollar lost 3.9% in value in November, which noticeably reduced the rise in the price of prominent US equities in Swiss francs.
The strongest performance in November was seen in the private equity asset class (+13%). As a result, those risk classes with the highest proportion of equities, infrastructure and private equity gained the most. In the "balanced" risk class 3 (e. g. Revo3 +4.9%), the monthly performance was only slightly lower than in the dynamic risk class 5 (e. g. Revo5 +5.9%, RevoDividends +6.3%).
For the year as a whole, the dividend strategies remain in first place, each with a double-digit return increase (e. g. RevoDividends +13.5%). Around 4% can be attributed to the dividend payout of the underlying shares. The remainder of the total return is attributable to price gains. The two stocks Nestlé (-5% since the beginning of the year) and Roche (-16%) are significantly underweighted in the dividend strategy compared to their weighting in the SMI, which explains a considerable part of the exceptionally positive performance. At 10 854 points, the SMI is only 1.2% higher than at the beginning of the year.

Strategies mainly based on individual titles	Strategy performance*	
	November 2023	YTD 2023
Zugerberg Finanz R1	+3.4% ↗	+3.9% ↗
Zugerberg Finanz R2	+4.0% ↗	+6.0% ↗
Zugerberg Finanz R3	+4.6% ↗	+7.2% ↗
Zugerberg Finanz R4	+5.2% ↗	+8.8% ↗
Zugerberg Finanz R5	+3.8% ↗	+7.2% ↗
Zugerberg Finanz RDividends	+5.6% ↗	+12.1% ↗
Zugerberg Finanz Revo1	+3.4% ↗	+4.8% ↗
Zugerberg Finanz Revo2	+4.2% ↗	+7.1% ↗
Zugerberg Finanz Revo3	+4.9% ↗	+8.2% ↗
Zugerberg Finanz Revo4	+5.4% ↗	+9.3% ↗
Zugerberg Finanz Revo5	+5.9% ↗	+10.4% ↗
Zugerberg Finanz RevoDividends	+6.3% ↗	+13.5% ↗
Zugerberg Finanz DecarbRevo3	+4.0% ↗	−6.4% ↘
Zugerberg Finanz DecarbRevo4	+4.7% ↗	−10.1% ↘
Zugerberg Finanz DecarbRevo5	+5.3% ↗	−13.5% ↘

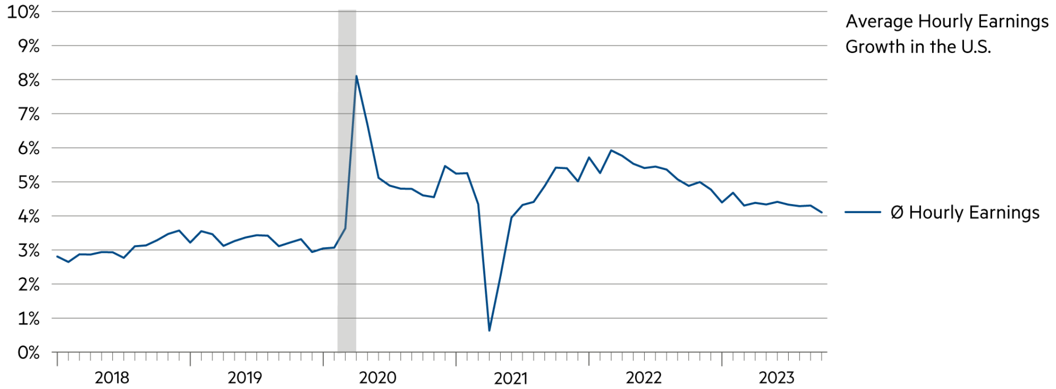
Zugerberg Finanz Vested benefits	Strategy performance*	
	November 2023	YTD 2023
Zugerberg Finanz Vested benefits R0.5	+2.4% ↗	+2.1% ↗
Zugerberg Finanz Vested benefits R1	+2.6% ↗	+3.3% ↗
Zugerberg Finanz Vested benefits R2	+3.0% ↗	+4.6% ↗
Zugerberg Finanz Vested benefits R3	+2.5% ↗	+4.6% ↗
Zugerberg Finanz Vested benefits R4	+3.0% ↗	+5.5% ↗

Zugerberg Finanz 3a pension solution	Strategy performance*	
	November 2023	YTD 2023
Zugerberg Finanz 3a Revo1	+3.4% ↗	+4.8% ↗
Zugerberg Finanz 3a Revo2	+4.2% ↗	+7.1% ↗
Zugerberg Finanz 3a Revo3	+4.9% ↗	+8.2% ↗
Zugerberg Finanz 3a Revo4	+5.4% ↗	+9.3% ↗
Zugerberg Finanz 3a Revo5	+5.9% ↗	+10.4% ↗
Zugerberg Finanz 3a RevoDividends	+6.3% ↗	+13.5% ↗
Zugerberg Finanz 3a DecarbRevo3	+4.0% ↗	−6.4% ↘
Zugerberg Finanz 3a DecarbRevo4	+4.7% ↗	−10.1% ↘
Zugerberg Finanz 3a DecarbRevo5	+5.3% ↗	−13.5% ↘

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

Macroeconomics

Consumer spending stabilizes the economy



Average Hourly Earnings Growth of Private Employees in the U.S. (5 years) (Source: US Bureau of Labor Statistics | Graphic: Zugerberg Finanz – Recessions are shaded)

The development of hourly wages makes it clear that the feared second-round effects will not occur in the USA. The labour market is on a good path to normalize. As in Europe, higher nominal wages are causing impressive real wage increases thanks to falling inflation rates, which, together with a higher number of employed people, is leading to more consumption and greater macroeconomic stability.

Globally, we expect real GDP growth of just under +3% in 2024, driven on the one hand by strong growth in India, Indonesia and, to a lesser extent, also in China. The global economy will also receive tailwind from growing real household incomes and the corresponding consumption. Resistance from monetary tightening will be less in 2024. Higher wages have been partly offset by significant increases in productivity; in some sectors, unit labor costs have even fallen noticeably in real terms.

The recovery in industrial production activity and an increased willingness on the part of central banks to lower key interest rates as inflation rates fall reflects the cautious optimism with which 2024 is likely to begin. We expect global core inflation to fall significantly again by the end of 2024, as core goods inflation continues to fall under competitive pressure and the balance between supply and demand on the labor market continues to improve.

In the US, we expect real GDP growth in the range of 1.5% to 2.0% in 2024. Real disposable income is growing impressively because inflation has fallen sharply and has taken on deflationary proportions in some sectors. Disinflation in the energy, labor, residential rental and automotive markets ensures that the probability of entering a recession in the next twelve months will remain low. If core inflation (the Federal Reserve's key PCE) falls to just over 2% by December 2024, key interest rates are likely to be cut in the coming year and not just in the fourth quarter.

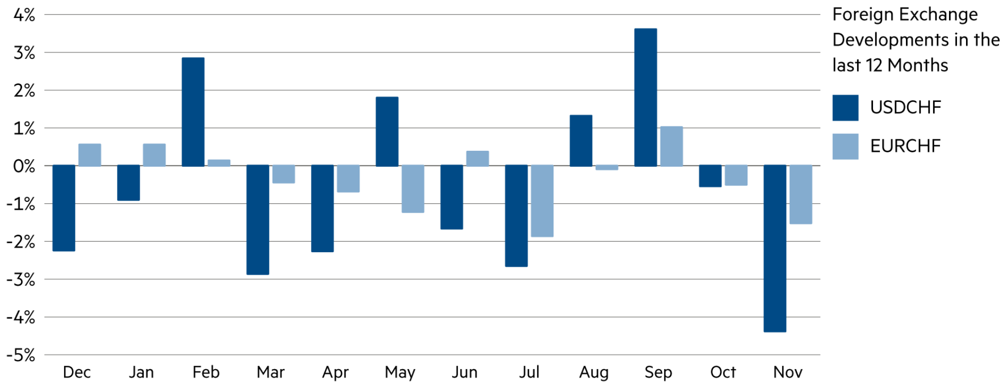
In the eurozone, pessimism about the outlook remains widespread. Nevertheless, it can be assumed that real GDP growth will rise to 1.0% in 2024. This is thanks to the significant rise in real disposable income, lower (credit) interest rates and the resulting increase in (construction) investment activity. Core inflation (3.6% in November) should return to price stability by December 2024, which is reflected in a continued decline in services inflation and the normalization of wage growth.

As most economies around the world are performing better than those in Western Europe, this means all the more that the selection of European (and therefore also Swiss) equities must focus in particular on the very best business models. Despite the dominance of the US technology giants, it should not be forgotten that Europe has numerous gems with enormous competitive advantages in many global industries.

Region	3–6 months	12–24 months	Analysis
Switzerland	↗→	↗	Within Europe, Switzerland remains the stronghold of monetary and fiscal policy stability, low inflation and reliable framework conditions.
Eurozone, Europe	↗→	↗	An extremely selective approach to equities and bonds in Europe is necessary in any case, as there are too many structural obstacles to growth.
USA	↗→	↗	After a dip in the coming months, the transition to lower interest rates should lead to a longer growth phase from 1H24.
Rest of the world	↗	↗	China is subject to a growing "Japanization risk" with sluggish growth, government gridlock and a persistent real estate downturn.

Liquidity, currency

The volatile Dollar



Foreign Exchange Developments in the last 12 Months (Source: Bloomberg Finance LP | Graphic: Zugerberg Finanz)

Over the past 12 months, the Swiss franc investor's exchange rate movements against the euro have been almost moderate compared to the dollar. The dollar's susceptibility to fluctuation is obvious. November was the weakest month (-3.9%) in the current year. Falling bond yields and political uncertainty in the run-up to the presidential elections mean that the dollar's weakness is likely to continue in 2024.

The USDCHF exchange rate recently fluctuated between 0.87 and 0.88 francs. This is around 5% less than at the beginning of the year. Due to falling inflation in the USA and the resulting expectation of several interest rate cuts over the next two years, the dollar is likely to depreciate by a further 10% or so. In any case, the purchasing power parity is around CHF 0.80, i. e. significantly lower. Over short periods, an exchange rate can deviate significantly from purchasing power parity, but not over longer periods.

The EURCHF exchange rate has once again been much more stable over the last twelve months. At -3.7%, it lost less than the dollar compared to the beginning of the year, but also showed significantly smaller fluctuations on a monthly basis. In the case of bonds, we hedge bonds traded in euros in Swiss francs. This currently costs 2.3% annually, with the prospect of lower hedging costs in the next two years. In addition, the purchasing power parity (0.99) indicates that the euro could move closer to parity.

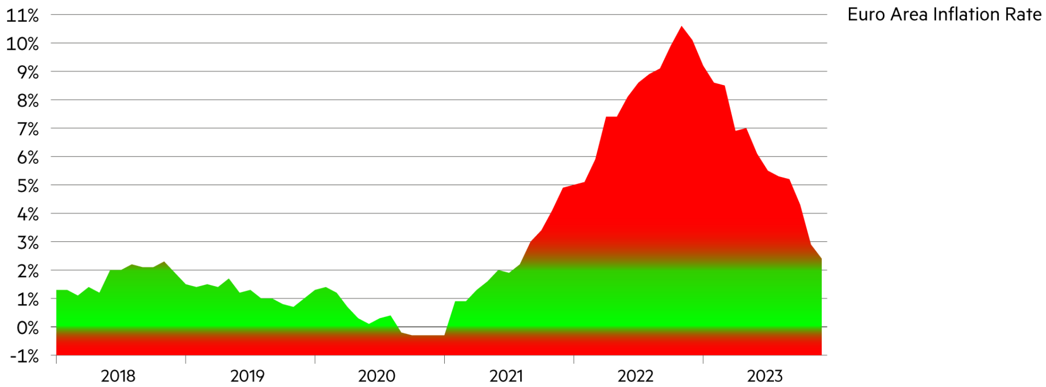
In this respect, too, the dollar is showing its negative side. Hedging the currency against the Swiss franc currently costs 3.9%. In this respect, however, we expect hedging costs to fall in the coming years due to the lower interest rate differentials at the short end of the yield curve. This will make long-term bonds issued in USD by Swiss companies such as Roche, Novartis and Zurich Insurance particularly attractive. In dollars, annual yields of more than 5% are attractive: If hedging costs fall to 2%, this ultimately results in an annual Swiss franc yield of around 3% from Switzerland's most solid borrowers. This is an enormous difference compared to the yield on the ten-year Swiss Confederation bond, which fell to a meagre 0.7% at the beginning of December.

The inflation trend in Switzerland is on the right track. The national consumer price index (CPI) sank by 0.2% in November 2023 compared to the previous month, reaching 106.2 points (December 2020 = 100). Compared to the same month of the previous year, inflation amounted to +1.4%. At +1.4%, core inflation was also clearly within the price stability range. The strong franc is causing imported deflation.

Asset class	3–6 months	12–24 months	Analysis
Bank account	↗	↗→	Anyone looking for long-term returns above the inflation rate in Switzerland (+1.4%) should invest surplus liquidity in a securities portfolio.
Euro / Swiss franc	→	→	At 0.95, the exchange rate is within the range of realistic expectations for this important currency pair for the Swiss economy.
US dollar / Swiss franc	→↘	↘	In the fourth quarter, US GDP growth is still likely to be positive but rather weak. Dollar appreciation is likely to be correspondingly mild.
Euro / US dollar	↗	↗	At 1.05, the lowest value of the current year was recorded in September. The higher interest rates in the USD area are creating a corresponding pull on capital.

Bonds

Inflation on the decline



Euro Area Inflation Rate 2018-2023 (year-on-year inflation rate) (Source: Bloomberg Finance LP | Graphic: Zugerberg Finanz)

The outstanding event for the capital markets this year was the downward trend in inflation. In the eurozone, it stood at 10.6% in October 2022. Just 13 months later, inflation is at a low 2.4%. This means that overall inflation has fallen much faster than the bond markets had expected. It is already becoming apparent that the phase of very high interest rates on bonds and high borrowing costs for companies is also over.

High inflation gave rise to fears that countries and companies would struggle to cope with the high cost of capital under the restrictive monetary policy regime. Bonds were not considered popular for an extended period this year, especially as central banks only began to stop raising key interest rates in the fall of 2023. The World Bond Index was still at -3.5% year-to-date in mid-October. After the disastrous 2022 bond year, another bad year seemed to be on the horizon.

However, with the end of the cycle of interest rate hikes and the continued fall in inflation rates, opinion has changed in the past six weeks. Just as the rise in inflation in 2022 was underestimated, even central bankers have underestimated the fall in inflation in 2023. In any case, the inflation rate in the eurozone fell much more sharply in November than many had expected. According to the European statistics office Eurostat, the increase in consumer prices was only 2.4% compared to the same month last year. This is the sharpest fall ever seen in the eurozone.

The Netherlands and Belgium are already experiencing deflation. In Italy, inflation was only +0.7%. In Germany it was +2.3%. Slovakia has the highest rate in the eurozone at +6.9%. The country is experiencing a strong upturn, not least thanks to extensive reshoring, i. e. the relocation of production capacities from the Far East to Eastern Europe.

It will therefore take time to assess this. Incidentally, it was striking that core inflation amounted to 0.0% in November – with a small fall in goods prices and a slight rise in service prices. But even if you ignore the monthly noise, the annualized three-month rate of core inflation in the eurozone has cooled from 4.1% in the summer to 0.8% in November, well below the European Central Bank's (ECB) target.

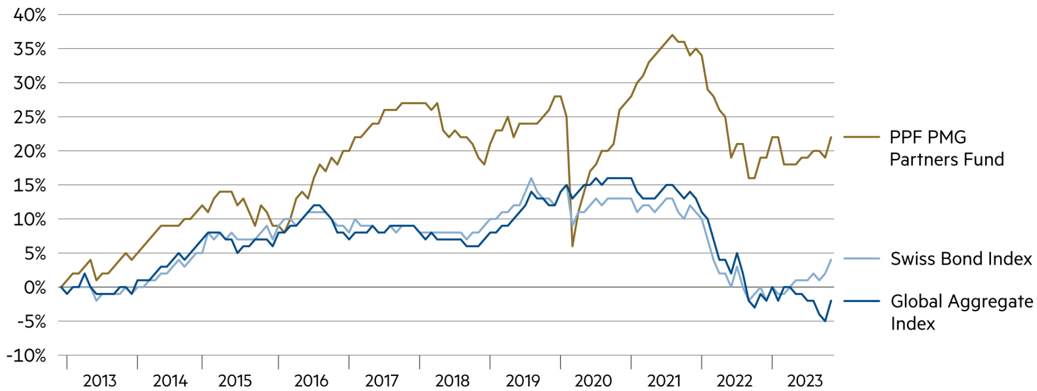
For the ECB, the new inflation figures provide a strong tailwind for discussing key interest rate cuts. For an economic area that is growing at around 1% and has inflation of around 2%, a central bank rate level of 4% is far too restrictive. We believe that if these inflation figures are confirmed, the ECB will make its first cut as early as the second quarter of 2024.

The ECB's next interest rate meeting will take place next week. We expect President Christine Lagarde to make a statement to the effect that it is "still too early for victory celebrations". ECB Executive Board member Isabel Schnabel recently commented that "the last mile" in the fight against inflation could be particularly tough.

Asset sub-class	3–6 months	12–24 months	Analysis
Government bonds	↗	↗	In the current economic phase, long-term USD bonds still appear to be a very interesting investment over the next 20 to 30 months.
Corporate bonds	↗	↗	In view of the moderate growth prospects, we consider this segment to be interesting, especially in the area of longer maturities with fixed coupons.
High-yield, hybrid bonds	↗	↗	The market for hybrid bonds has performed well recently, but still has a lot of potential. The recovery trend is likely to extend well into 2024.

Zugerberg Finanz bond solutions

Structurally improved outlook



Credit Opportunities relative to the Global Aggregate Index and the Swiss Bond Index (Source: Bloomberg Finance LP | Graphic: Zugerberg Finanz)

In November, further qualitative improvements were made in the Zugerberg Income Fund (ZIF) and the Credit Opportunities Fund (COF), which should pay off in the coming years. While the global bond index, which is dominated by government bonds and hedged in Swiss francs, is still down -0.2% since the beginning of the year, the ZIF made good total return gains of +3.7%. The COF rose slightly less (+2.6%).

Most larger investors use the global bond index ("Global Aggregate Total Return Index Hedged CHF"), hedged in Swiss francs, as a benchmark for their bonds. The probability of default is very low, as it is heavily weighted towards government bonds and top-rated corporate bonds. However, this security also comes at a price. Since we launched the Credit Opportunities Fund exactly eleven years ago, it has gained +23.0% net of all costs and fees. This corresponds to an average return of +1.9%. Over this entire period, the world bond index has suffered a cumulative loss (-2.1%). This results in an enormous return difference of 25% compared to the COF, i. e. the higher security led to a significantly lower return.

Of course, you could argue that you don't want any bonds from the USA, Germany, etc. in your portfolio. If you base your selection exclusively on the small Swiss franc capital market and the bonds available here, you have much less diversification options. The Swiss Bond Index (SBI) represents the Swiss franc capital market. This does not change the picture significantly. Over the last eleven years, the SBI would have generated a total return of +3.8%, which corresponds to an annual return of +0.3%. The difference in return compared to the COF is around 20% or 1.6% annually.

The ZIF is on its way to positioning itself between the SBI and the COF. Its rating is always of good quality. It has an A- rating. This can also be seen from the fact that the credit risk premiums compared to the corresponding government bonds have been significantly reduced through active trading. During the zero and negative interest rate phase, we considered higher risk premiums to be appropriate. They have now been more than halved to 150 basis points (-170 basis points) in the first eleven months of the current year.

On the other hand, the earnings potential in an environment of higher interest rates has been increased by a trend towards longer maturities. Although the residual term of the bonds is not as high as that of the SBI, it has increased significantly over the course of this year. The so-called duration is used as a yardstick for this. We increased this by 35% from 3.8 (1 January 2023) to 5.2 (30 November 2023) in order to benefit from the higher interest rates on longer-term bonds for longer. From a technical perspective, it should also be emphasized that the convexity has doubled since the summer in an advantageous manner.

The difference between the ZIF and the COF is that the ZIF pursues opportunities in the interest rate structure of the fixed income market and the COF pursues opportunities in credit risks. The maturities are shorter, but have increased the duration from 1.8 to 3.0 since early summer. In a solid economic environment, it can be assumed that exposure to credit risks with fixed coupons is worthwhile.

	Zugerberg Income Fund	Credit Opportunities Fund
Yield in 2023 (since the beginning of the year)	+3.7%	+2.6%
Yield since the start (annualized)	-10.4% (-2.0%)	+23.0% (+1.9%)
Proportion of months with positive yield	52%	66%
Credit risk premium in basis points (vs. previous month)	150 BP (-80 BP)	662 BP (+6 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

Key importance of data centers

Electricity and telephone lines as essential infrastructure (Photo: Andreas Busslinger, Canton Zug)

In the infrastructure sector, data centers are emerging as a cluster that is becoming increasingly popular as an investment for both equity and debt capital. The corresponding security and cooling technologies and access to renewable energy sources are particularly important. Geographically speaking, the cooler north of Europe is a particularly suitable location for data centers.

Real estate prices in Europe have fallen, more sharply in the commercial sector than in residential real estate. Switzerland stands like a price island in the landscape. But when Steve Schwarzman, founder of Blackstone, recently said that his firm is eyeing a number of buying opportunities in real estate across Europe, the time has come to listen carefully.

If Blackstone, which owns almost 10 000 properties worldwide and derives its insights from an enormous in-house pool of market and client information, is to be taken seriously, it is time to listen. The world's largest private equity and private real estate provider currently likes deals involving data centers, warehouses and student apartments. It is not alone in this. Partners Group is also expanding its private real estate business in Europe. The same goes for the Norwegian sovereign wealth fund, which frequently joins forces with Swiss Life in the European real estate business. Swiss Life is also expanding in both the real estate and infrastructure sectors.

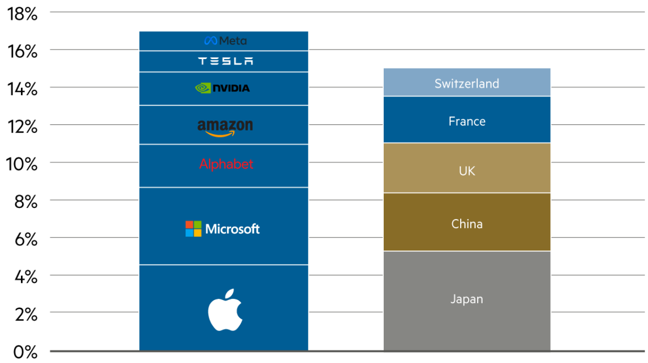
Word is spreading quickly on the capital markets. In the Stoxx Europe 600 share index, the real estate sector was the best-performing segment in November with +15%. All trend indicators are still pointing upwards. The central consideration behind this lies in the income statements and balance sheets of real estate companies. There is an upward trend in rental income. Part of the cost inflation can be passed on in higher rents. In many cases, the balance sheet also includes an interest-bearing debt position of 25% to 40%, i. e. a bank loan or bond must be serviced with interest and repaid or refinanced at maturity.

As interest rates have already fallen significantly and refinancing has become cheaper, solid (residential) real estate companies and infrastructure operators are highly attractive to investors in a phase of falling interest rates. Many institutional investors such as SUVA only invest in the infrastructure sector on the private markets, but the asset class can also be accessed via listed infrastructure shares. The business models of listed infrastructure companies provide robust, inflation-protected returns while offering the daily liquidity and transparency of public markets. The companies have proven resilient in difficult market conditions. Our favorites include Zurich Airport (+32% total return since the beginning of the year), BKW (+23%), Vinci (+25%), Engie (+30%). Only RWE (-3%) lagged behind. However, we are positive about their goals and intentions, which were recently communicated at the Capital Markets Day.

Asset sub-class	3–6 months	12–24 months	Analysis
Residential properties CH	↗→	↗	Fixed-rate mortgages in the 3 to 5-year range are particularly attractive (and cheaper than Saron mortgages), as swap rates have fallen to around 1.3%.
Office and retail properties CH	→	→	We selectively consider good real estate companies in Switzerland and abroad with a transparent customer portfolio to be attractively valued.
Real Estate Fund CH	↗	↗	Following devaluations and significantly lower premiums, lower discount rates are likely to lead to revaluations and higher premiums again in 2024/25.
Infrastructure Equity / Fund	↗	↗	The exceptional infrastructure performance in November was led by Zurich Airport (+10%) ahead of RWE (+9%). Vinci (+7%) also made strong gains.

Equity

The Magnificent-7 dominate the MSCI World



The Magnificent-7 make up more than Japan, UK, China and France in the MSCI World Index

The Magnificent-7 make up more than Japan, UK, China and France in the MSCI World Index (Source: Bloomberg Finance LP | Graphic: Zugerberg Finanz)

Just seven stocks make up 17% of the global equity index. Their weighting is greater than all shares from Japan, China, the UK, France and Switzerland combined. Such dominance has never been seen before. The Magnificent-7 stocks are all technology-related US stocks, once back by venture capital. Their dominant weighting also ensures that the world equity index is dominated by US equities.

The latest development is not surprising. Technology stocks shaped the year 2023. New business models are emerging at an exponential rate, digitalization is changing the way companies approach age-old processes and artificial intelligence (AI) will continue to develop at a rapid pace. Initially, this has given a boost to those companies that are considered leaders in the use of AI.

However, like looking at an iceberg, most of it remains hidden. We are convinced that there is still a lot of potential. Robotics, automation as well as modern process and procurement engineering are in demand. Companies such as Schneider Electric, Siemens, Thermo-Fisher Scientific, but also Kühne+Nagel and DHL are among the globally outstanding solution providers. And SAP is used for processing.

We have set ourselves the goal of exploring all opportunities to benefit in the longer term from the generative AI wave, which is currently changing almost everything. This is a movement that will take on greater proportions than the internet. The growth rates are promising, as are the productivity gains that are on the horizon.

There's a positive earnings momentum in our stock picks. Risk remains easing, even though some flip-flopping is going on.

In addition, bond yields have already come back significantly. In Switzerland at least, equities are more attractive than government bonds. The dividend yield in our Zugerberg Finanz portfolio remains unchanged at 4.0% this year and 4.3% next year. While yields on ten-year government bonds in Switzerland have fallen to 0.8% in early December, the expected dividend yield alone has risen to 4.3% (2024). We remain convinced that our dividend strategies will remain the focus of investors in the longer term, especially with such yield differentials.

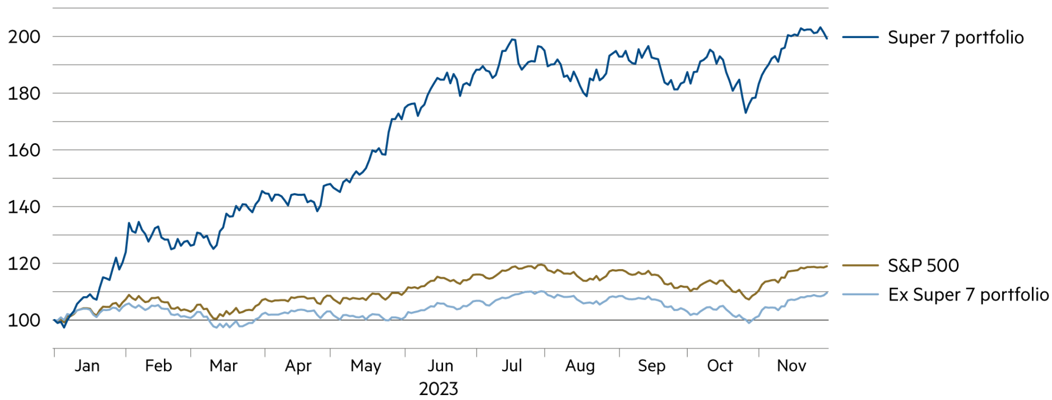
We also have "dividend aristocrats" with reliably predictable cash yields. Our portfolio contains around ten stocks that have steadily increased their dividend payments per share in each of the last ten years. Some of these companies have also performed well in the current year and have announced dividends that exceed analysts' expectations. Tax-free dividends are available from five of the companies in our portfolio. They are able to pay out tax-free dividends from foreign capital reserves.

The combination of tech stocks, dividend-related selection and a careful selection of winners from the AI movement is now particularly interesting. We remain confident that the coming years will offer many opportunities to participate disproportionately in the development of the real economy through disciplined stock selection.

Asset sub-class	3–6 months	12–24 months	Analysis
Equity Switzerland	↗	↗	We find rising corporate profits, high and stable margins, increasing dividends and moderate valuations attractive. However, disciplined selection is necessary.
Equity Eurozone, Europe	↗	↗	There are selectively exceptionally good European stocks at a favorable valuation with promising growth and cash flow prospects in the global economy.
Equity USA	↗→	↗	The return on equities in November was a high +8.9% for the broad S&P 500 Index. The fall of the dollar resulted in a mere +4.8% for Swiss franc investors.
Equity Emerging markets	↗	↗	The return on the MSCI Emerging Markets was +7.9% (in USD) in November, while the return on the MSCI China was just +2.3%. China's economy is weakening.

Alternative investments

Concentration requires diversification



US Equity Return Index (rebased to 100 on 31 December 2022) (Source: Bloomberg Finance LP | Graphic: Zugerberg Finanz)v

If you are in the market for listed shares, you cannot avoid the Magnificent-7 stocks from the US tech sector. It is also astonishing that the broad US "S&P 493" index (S&P 500 minus 7) has been virtually flat so far this year. This means that diversification among asset classes must be sought in a long-term portfolio. Private equity is an obvious choice.

The Norwegian sovereign wealth fund, the largest investor in Europe with CHF 1 000 billion, recently decided to reduce its equity allocation and increase its private equity allocation in its strategic investment allocation. The Lucerne-based insurance company SUVA, the largest institutional investor in Switzerland with an investment volume of over CHF 60 billions, will also reduce its equity allocation and increase its private market investments – up to 15% in the pension fund.

This will achieve better diversification. The companies that are not listed on the stock exchange are typically medium-sized companies that are growing strongly. As a rule, they grow significantly faster than the listed shares. All of the Magnificent-7 stocks had become large in the private market environment. Some SMI stocks have also experienced this (e. g. Geberit, Sonova, Logitech). However, many no longer make it to the stock exchange because they can focus more on their customers and develop better away from the analysts' conferences.

In November, for example, Partners Group acquired the Rosen Group headquartered in Central Switzerland. Founder Hermann Rosen established the fast-growing, innovative technology company in Stans. Around 40 years ago, it already had ten employees. Today it has more than 4,000 employees. Mr. Rosen is a minority shareholder and will remain a member of the Board of Directors following the takeover by Partners Group. Professionally, he can once again devote himself increasingly to new technologies, including offshore wind turbines and underwater inspections. The management of the group, which now has a turnover of around 750 million dollars and a profit of around 200 million dollars, will be handed over by the now 77-year-old company founder to the new shareholder, who intends to "continue Rosen's unique success story in the long term". According to reports, there was no one in the family who could have taken over his role.

It is not possible to participate in such companies on the stock exchange. Only very few companies of this size are listed on the stock markets worldwide. Most are privately held and traded. With the "Partners Fund", we are involved in such companies and their development. But we can only do this in truly long-term investment formats. For those with an investment horizon of less than 10 years, we provide access to more liquid vehicles or to the fund of listed private equity vehicles ("LPActive Value"). These also have their benefits in the long term, but are significantly more volatile in the short term.

Asset sub-class	3–6 months	12–24 months	Analysis
Commodities	→	↗	The global commodity index is around 10% lower than at the start of the year (in $), i. e. commodity prices fell even more sharply in the eurozone and the CHF area.
Gold, precious metals	↗→	↗→	At CHF 1 782/ounce, the gold price was 5.6% higher than at the beginning of the year. In fact, the price is moving sideways with large fluctuations.
Insurance Linked Securities	↗	↗	We are attracted to this niche, and subordinated insurance bonds are also exceptionally attractive.
Private equity	↗	↗	Our listed private equity has gained 19% since the beginning of the year. This is likely to continue until the end of 2024 thanks to a revitalized IPO market.

Market data

Asset class		Price (in local currency)			Monthly / YTD / Annual performance (in CHF)		
Equity		**30.11.2023**	**11/2023**	**2023 YTD**	**2022**	**2021**	**2020**
SMI	CHF	10'854.3	+4.5%	+1.2%	−16.7%	+20.3%	+0.8%
SPI	CHF	14'236.4	+4.6%	+3.7%	−16.5%	+23.4%	+3.8%
DAX	EUR	16'215.4	+8.4%	+12.4%	−16.3%	+10.4%	+3.5%
CAC 40	EUR	7'310.8	+5.2%	+9.0%	−13.9%	+23.6%	−7.4%
FTSE MIB	EUR	29'737.4	+6.2%	+21.0%	−17.3%	+17.3%	−5.4%
FTSE 100	GBP	7'453.8	+1.7%	−1.0%	−8.8%	+16.7%	−19.2%
EuroStoxx50	EUR	4'382.5	+6.9%	+11.5%	−16.0%	+16.0%	−5.4%
Dow Jones	USD	35'950.9	+4.6%	+2.9%	−7.7%	+22.2%	−1.8%
S&P 500	USD	4'567.8	+4.8%	+12.9%	−18.5%	+30.6%	+6.5%
Nasdaq Composite	USD	14'226.2	+6.5%	+29.0%	−32.3%	+25.0%	+31.6%
Nikkei 225	JPY	33'486.9	+6.7%	+7.7%	−19.7%	−2.6%	+11.6%
Sensex	INR	66'988.4	+0.7%	+3.6%	−4.8%	+23.2%	+3.4%
MSCI World	USD	3'023.6	+5.0%	+10.3%	−18.5%	+23.7%	+4.5%
MSCI EM	USD	987.1	+3.7%	−2.0%	−21.5%	−1.8%	+6.1%
Bonds (mixed)		**30.11.2023**	**11/2023**	**2023 YTD**	**2022**	**2021**	**2020**
Glob Dev Sov (Hedged CHF)	CHF	151.6	+2.6%	−0.3%	−13.2%	−3.0%	+3.5%
Glob IG Corp (Hedged CHF)	CHF	178.4	+4.2%	+0.9%	−16.7%	−2.0%	+6.4%
Glob HY Corp (Hedged CHF)	CHF	328.4	+4.2%	+5.1%	−13.6%	+1.4%	+3.7%
USD EM Corp (Hedged CHF)	CHF	256.2	+4.5%	+0.8%	−18.2%	−2.7%	+4.3%
Government bonds		**30.11.2023**	**11/2023**	**2023 YTD**	**2022**	**2021**	**2020**
SBI Dom Gov	CHF	175.6	+3.9%	+10.0%	−17.0%	−4.2%	+2.1%
US Treasury (Hedged CHF)	CHF	137.7	+3.0%	−3.3%	−15.0%	−3.5%	+6.3%
Eurozone Sov (Hedged CHF)	CHF	175.7	+2.8%	+1.4%	−18.9%	−3.7%	+4.6%
Corporate bonds		**30.11.2023**	**11/2023**	**2023 YTD**	**2022**	**2021**	**2020**
CHF IG Corp (AAA-BBB)	CHF	180.1	+1.2%	+4.7%	−7.5%	−0.5%	+0.5%
USD IG Corp (Hedged CHF)	CHF	181.5	+5.4%	−0.3%	−18.5%	−2.3%	+8.0%
USD HY Corp (Hedged CHF)	CHF	567.8	+4.0%	+5.0%	−13.7%	+4.1%	+5.1%
EUR IG Corp (Hedged CHF)	CHF	160.6	+2.1%	+3.3%	−14.1%	−1.2%	+2.4%
EUR HY Corp (Hedged CHF)	CHF	279.7	+2.6%	+6.9%	−10.9%	+3.2%	+2.1%
Alternative investments		**30.11.2023**	**11/2023**	**2023 YTD**	**2022**	**2021**	**2020**
Gold Spot CHF/kg	CHF	57'299.7	−1.3%	+3.5%	+1.0%	−0.6%	+14.6%
Commodity Index	USD	101.8	−6.4%	−14.4%	+15.1%	+30.8%	−11.6%
SXI SwissRealEstateFunds TR	CHF	2'211.7	+4.4%	−0.4%	−17.3%	+7.6%	+13.0%
Currencies		**30.11.2023**	**11/2023**	**2023 YTD**	**2022**	**2021**	**2020**
US dollar / Swiss franc	CHF	0.8752	−3.9%	−5.3%	+1.3%	+3.1%	−8.4%
Euro / Swiss franc	CHF	0.9529	−1.0%	−3.7%	−4.6%	−4.0%	−0.4%
100 Japanese yen / Swiss franc	CHF	0.5863	−2.3%	−16.9%	−11.0%	−7.5%	−3.8%
British pound / Swiss franc	CHF	1.1048	−0.2%	−1.2%	−9.3%	+1.9%	−5.7%