Lime tree near Lüthärtigen, Menzingen in the canton of Zug (Photo: Andreas Busslinger)

The innovation cycle is picking up speed

At the beginning of December, it is not only the year that is coming to an end that we look back on, but also the future. The latter looks very promising, because we are at the beginning of a technological cycle that only occurs every few decades. From an economic point of view, this is a supercycle of innovation that is taking place not only in the US, but also here. It is no coincidence that top companies such as Nvidia, Google, Disney and Microsoft in Switzerland rely on their own research facilities, which they have built up in the vicinity of the universities and the Federal Institutes of Technology in Zurich and Lausanne.

It is also interesting to note that former Google (Zurich) employees, for example, have already founded more than two dozen startups. Others, in turn, are still founding their companies in the laboratories of the universities, so to speak. ETH Zurich is a world leader in robotics research under the leadership of professors such as Roland Siegwart and Raffaello D'Andrea, as well as excelling in the founding of robotics startups such as ANYbotics. In January 2024, the ABB Group acquired ETH startup Sevensense, which uses artificial intelligence to help robots achieve greater precision and more autonomy. Mobile robots are currently revolutionizing entire industries with their production and logistics capabilities. Numerous Swiss companies, as well as gems such as SAP, Siemens and Schneider Electric, are benefiting from Europe's scientific talent. The European pharmaceutical industry also thrives on collaboration between public research institutions and private companies (which even US giants like Eli Lilly make use of), creating a fertile environment for innovation. And that gives us hope for good stock market years in the future through disciplined selection. After all, innovations are the best way to expand a company's market position and pricing power and improve profit margins. Improved prospects, higher growth and strong capital investment provide a healthier foundation for asset markets and for resilient portfolios.

Things picked up in November

US markets responded positively to Donald Trump's election in November. The S&P 500 (+6%) recorded its biggest monthly gain of 2024. By contrast, the Swiss Market Index (SMI: -0.2%) barely changed. Despite the uncertainty surrounding possible tariffs, future inflation trends and the Fed's possible interest rate cuts, the VIX fear barometer closed at 13.5, its lowest level since July.

After a poor October, November saw a significant upturn in many risk classes. In the defensive risk class 1 (e.g. R1 with a high bond component at +2.3%, vested benefits R1 at +2.9%), the return since the beginning of the year is clearly positive. All bond solutions contributed to the monthly performance, with the Zugerberg Income Fund (+1.1% performance) achieving a strong monthly return for bonds.

In the "balanced" risk class 3 (e.g. R3 with +10.1% year-to-date), the total return is characterized by the good performance of all asset classes. The most dynamic risk class 5 (e.g. Revo5 with +1.9% in November to +13.1% year-to-date) stood out more strongly from the performance of the dividend solutions (e.g. RevoDividends with +1.2% in November to +9.1% year-to-date). One of the main factors behind this difference was the significantly higher weighting of Nestlé shares in the dividend solution, which suffered a sharp decline of 6% in November. But we remain optimistic: A new economic era is emerging. As we move past a period of low capital investment, we anticipate solid investments and stronger economic growth that will support corporate earnings and equity returns.

Strategies mainly based on individual titles	Strategy performance*	
	November 2024	YTD 2024
Zugerberg Finanz R1	+0.6% ↗	+2.3% ↗
Zugerberg Finanz R2	+0.8% ↗	+6.2% ↗
Zugerberg Finanz R3	+1.2% ↗	+10.1% ↗
Zugerberg Finanz R4	+1.3% ↗	+11.4% ↗
Zugerberg Finanz R5	+1.7% ↗	+12.3% ↗
Zugerberg Finanz RDividends	+1.1% ↗	+8.5% ↗
Zugerberg Finanz Revo1	+0.8% ↗	+2.2% ↗
Zugerberg Finanz Revo2	+1.1% ↗	+6.2% ↗
Zugerberg Finanz Revo3	+1.4% ↗	+9.1% ↗
Zugerberg Finanz Revo4	+1.6% ↗	+11.4% ↗
Zugerberg Finanz Revo5	+1.9% ↗	+13.1% ↗
Zugerberg Finanz RevoDividends	+1.2% ↗	+9.1% ↗
Zugerberg Finanz DecarbRevo3	+1.5% ↗	+1.7% ↗
Zugerberg Finanz DecarbRevo4	+1.8% ↗	+0.5% ↗
Zugerberg Finanz DecarbRevo5	+1.9% ↗	−0.5% ↘

Zugerberg Finanz Vested benefits	Strategy performance*	
	November 2024	YTD 2024
Zugerberg Finanz Vested benefits R0.5	+0.7% ↗	+1.3% ↗
Zugerberg Finanz Vested benefits R1	+0.6% ↗	+2.9% ↗
Zugerberg Finanz Vested benefits R2	+0.7% ↗	+5.2% ↗
Zugerberg Finanz Vested benefits R3	+0.9% ↗	+8.4% ↗
Zugerberg Finanz Vested benefits R4	+0.9% ↗	+8.3% ↗

Zugerberg Finanz 3a pension solution	Strategy performance*	
	November 2024	YTD 2024
Zugerberg Finanz 3a Revo1	+0.8% ↗	+2.2% ↗
Zugerberg Finanz 3a Revo2	+1.1% ↗	+6.2% ↗
Zugerberg Finanz 3a Revo3	+1.4% ↗	+9.1% ↗
Zugerberg Finanz 3a Revo4	+1.6% ↗	+11.4% ↗
Zugerberg Finanz 3a Revo5	+1.9% ↗	+13.1% ↗
Zugerberg Finanz 3a RevoDividends	+1.2% ↗	+9.1% ↗
Zugerberg Finanz 3a DecarbRevo3	+1.5% ↗	+1.7% ↗
Zugerberg Finanz 3a DecarbRevo4	+1.8% ↗	+0.5% ↗
Zugerberg Finanz 3a DecarbRevo5	+1.9% ↗	−0.5% ↘

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

Macroeconomics

2025 after the landing

(Image source: stock.adobe.com)

Inflation rose steeply in 2022, peaking in many places in January 2023 and falling sharply again by the end of November 2024. A soft landing has already been achieved in some places (e.g. Switzerland and the eurozone), while in others inflation is on a downward trajectory. This allows for significant monetary easing and is likely to bring global growth back to a rate of around 3% in 2025 – without a recession.

In the US, we continue to see robust growth thanks to strong consumption and ongoing productivity increases. The economy is currently growing above its growth trend, which makes it more difficult for inflation to continue to fall. Meanwhile, growth is approaching the potential rate. This corresponds to a slight weakening compared to the last real-time forecast (+3.2% GDP growth). Growth is so strong that monetary policy in the US must continue to be restrictive and the high key interest rates should put downward pressure on GDP growth.

There would be scope for a loosening of monetary policy if there were any signs of a slowdown in growth and employment in the first half of 2025 under Donald Trump. However, it should not be forgotten that US fiscal policy is (untimely) extremely expansionary given the current state of the economic cycle. The budget deficit is likely to be around 6% of GDP and is likely to increase under the new president. Under his leadership, around $4 trillion in new government debt has been generated in four years. At present, the figure is expected to be more likely around $6 tn. for the years 2025 to 2028.

A spending program of this kind should ensure that the US achieves higher growth than other developed economies, but higher import tariffs and lower immigration are likely to reduce productivity and economic growth. In Europe, business momentum appears to be taking hold only in some areas. Structural challenges (unfavorable demographic changes, persistent national economic conditions) must be overcome for a broad-based recovery, but it will take at least a decade before any noticeable effects can be expected.

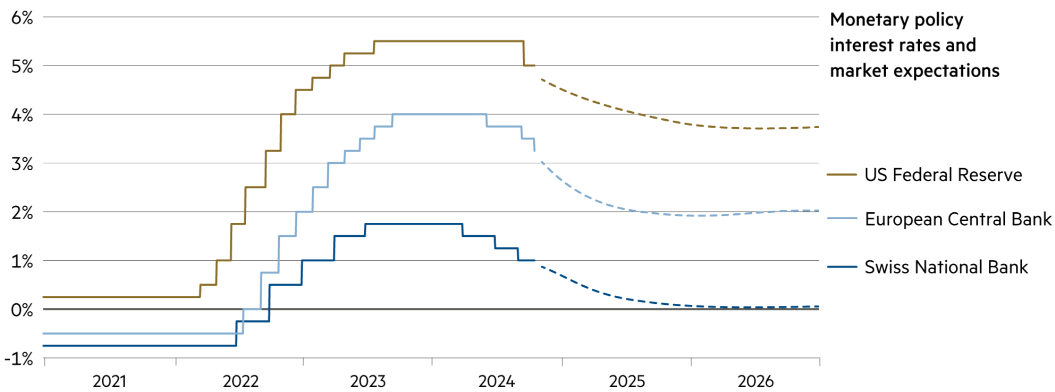
In 2024, China had to contend with a decline in consumption and a difficult mood in the real estate sector, which was reflected in a correspondingly lower propensity to consume and weaker investment. Most households are heavily invested in real estate and are deeply scared about the falling real estate prices. Nevertheless, the boost to the Chinese domestic economy and strong export growth should have a at least a tiny stimulating effect on the eurozone in the shorter term. Rising real wages are a positive sign in Europe and should stabilize consumption. The European Central Bank's (ECB) cycle of interest rate cuts should strengthen growth.

Among the emerging markets, India continues to stand out. Investment and consumption growth is strong and inflation is under control. The biggest challenge is likely to be increasing the employment of the young labor force, investment in industrial production and exports.

Region	3–6 months	12–24 months	Analysis
Switzerland	↗	↗	Switzerland is surrounded by several weak neighboring countries. The strongest and most stable larger nation is currently Italy, of all countries.
Eurozone, Europe	↗	↗	Europe (Germany, France) is increasingly facing political upheaval due to sluggish economic growth.
USA	↗	↗	Strong equity rally after the clear election result, which raised hopes of significant tax cuts and a stronger US economy.
Rest of the world	↗	↗	Inflation is falling in many places, enabling further interest rate cuts in 2025 (in Latin America, Eastern Europe, Asia and South Africa).

Liquidity, currency

Further decline in key interest rates expected



Monetary policy interest rates and market expectations (Source: Bloomberg; dashed market expectations derived from OIS and futures contracts | Graphic: Zugerberg Finance)

The financial markets expect a further gradual decline in key interest rates. The worst phase of double-digit inflation in the US and Europe is over. It is therefore time to loosen monetary policy, especially in Europe. In Switzerland, key rates, which are currently at 1.0%, could be lowered to 0.5% by spring. The risk of inflation has decreased significantly.

As expected, the European Purchasing Managers' Indices (PMIs) showed a deterioration in sentiment following the US election result due to the uncertainty surrounding trade policy. Despite the already negative expectations, they were even more disappointing. The composite PMI from the industrial and service sectors was most recently 48.1 (compared to 50 in the estimate).

This highlights a clear risk to Europe's growth outlook. At least it is reasonable to assume that the European Central Bank (ECB) will cut key interest rates at its upcoming meetings – some well-founded estimates currently put the rate at 1.5% by the end of 2025. Inflation forecasts allow for these cuts. The employment data and GDP outlook make them necessary.

The ECB will have to ease monetary policy substantially, which will also be accompanied by a weakening of the currency. This is how the eurozone can regain some of its competitiveness. However, the greater part must come from a growth-oriented domestic market policy and from a continued increase in productivity in order to be able to more or less keep pace with the framework conditions in the US. The latter requires substantial capital investment over several years, not in roads and bridges, but in modern digital infrastructure and bureaucracy reduction processes.

The risks to growth are getting a lot of media attention, but it also remains to be seen whether there could be a number of positive surprises. Germany also has room to loosen fiscal policy (for intergenerational emergency resolutions on topics such as military defense capability and rail infrastructure). But we assume that appetite will be limited even under a new government. We expect the impact of tariffs to extend to Europe, with trade uncertainty continuing to weigh on sentiment.

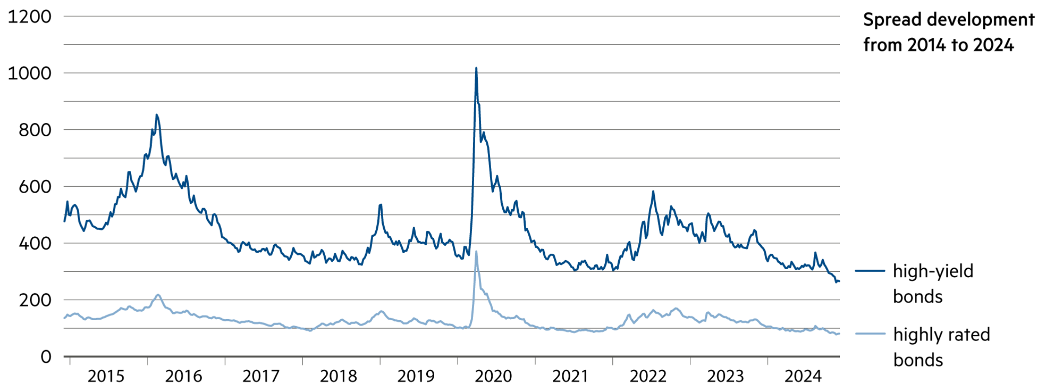
It is worth mentioning that Europe is much more exposed to US tariffs than it was in 2016, as the US currently imports more from the EU than from China. Germany and France could also learn from southern European countries, which are growing much faster.

Greece has reintroduced the six-day week, privatized state-owned enterprises and reduced debt after the 2011 sovereign debt crisis. Portugal has reduced its national debt ratio from over 130% of GDP to under 100% within four years and has pursued a liberal economic course to achieve this. In Spain (where GDP is set to rise by 3% this year, more than in the US), both the conservative and the left-wing governments have adopted a business-friendly approach.

Asset class	3–6 months	12–24 months	Analysis
Bank account	↘	↘	The interest rate on time deposits will fall sharply and soon trend towards 0.25%. With a few exceptions, savings accounts will soon yield even lower interest.
Euro / Swiss franc	→	→↘	The ECB is likely to cut its key interest rates in half by summer 2025, from the current level of 3.2% to 1.6%, and abandon its restrictive policy.
US dollar / Swiss franc	→	↘	We do not expect a weakening of the dollar, which President-elect Donald Trump so desires.
Euro / US dollar	→↗	→↗	The exchange rate pair will remain volatile, but we do not believe that the euro is heading directly towards parity with the dollar from its current level of 1.05.

Bonds

Great complacency in corporate bond markets



Spread development for high-yield and high-rated corporate bonds in the USA (Source: Bloomberg Finance L.P. | Graphic: Zugerberg Finanz)

The corporate bond markets are characterized by great complacency and confidence, regardless of the rating. Credit risk premiums in the US have narrowed to their lowest level in more than ten years. Estimates for total return in dollars remain attractive. Because bonds rank higher than equities in a company's capital structure, demand for corporate bonds should continue in the coming year.

Credit markets are not currently showing the typical warning signs of a financial bubble. Companies have financed themselves fairly solidly in the post-pandemic era. Debt levels are therefore average. Tenors were extended during the low-interest phase and, in particular, shortened during the high-interest phase (2022/23). Payment defaults are at a moderate level.

Of course, professional investors have no illusions that spreads could widen again from their current levels. Nevertheless, the narrow credit risk premiums seem justified. For bottom-up investors, credit spreads represent a fundamentally justified compensation for the risks that could affect a company's financial health over the course of the cycle.

These risks include potential rating downgrades, restructurings and, in the worst case, defaults. In addition, investors typically want to see some widening of spreads for the lower liquidity of corporate bonds compared to government bonds.

But it is worth mentioning that fundamentals depend on two cycles. The first is the economic cycle, as growth affects output levels and inflation affects profit margins. The other is the financial cycle, as the availability and cost of financing affects a company's financial flexibility. In our view, both cycles currently look favorable for credit risk premiums.

The world's largest economy, the US, is growing above its long-term potential. Yet global prices are on a declining, disinflationary trend. This allows many central banks to ease monetary policy, reducing the cost of credit for corporate issuers and increasing liquidity in the financial system.

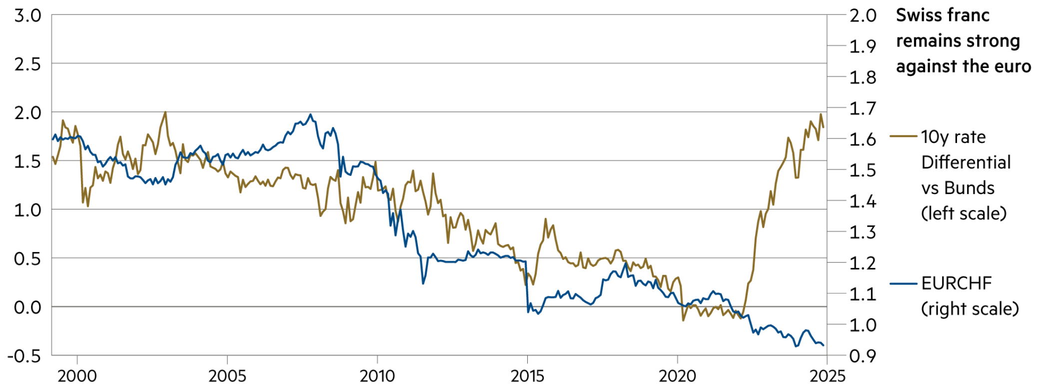
Liquidity can be viewed as a function of primary market activity (when a bond is initially issued) and volatility. As primary market activity increases, so do price transparency and the free float of securities. In addition, low volatility boosts confidence.

Both of these variables together lead to a narrowing of bid-ask spreads. Primary market activity was robust throughout the year. Bond market volatility (as measured by the Move Index) is roughly in line with its one-year average and is putting little upward pressure on spreads.

Asset sub-class	3–6 months	12–24 months	Analysis
Government bonds	→	→↗	The Chief Economist of the European Central Bank (ECB), Philip Lane, has spoken out in favor of further interest rate cuts to support the eurozone economy.
Corporate bonds	↗	↗	Bonds from the cyclically and structurally challenging automotive industry were underperformers, but we had no substantial exposure there.
High-yield, hybrid bonds	↗	↗	We expect a moderate widening of spreads next year, but the overall return should still be convincingly positive.

Zugerberg Finanz bond solutions

Benefits of a unified capital market



The Swiss franc remains strong against the euro (Source: Bloomberg Finance L.P. | Graphic: Zugerberg Finanz)

Our bond solutions performed relatively well in November. The range extends from the structurally conservative Zugerberg Income Fund (ZIF: +1.8% year to date) to the premium-oriented Credit Opportunities Fund (COF: +7.1%). All vehicles and the underlying bonds would be valued even higher if Europe had a single capital market.

There is not much to report on the individual solutions. In line with the conservative orientation, ZIF subscribed to several new issues in recent weeks, both from Swiss companies (Bossard, Georg Fischer, Amag Leasing) and from foreign borrowers (including Munich Re, Orange, DSV/DB Schenker, Deutsche Telekom). Sales were made where the potential appeared to have been exhausted.

As has been the case for some time, the average rating is a high “A”. At 5.2, the duration is lower than that of the Swiss Bond Index, but still not insignificant. We do not expect any defaults. The credit risk premiums are just 94 basis points, i.e. the capital market views the 204 debtors represented in the ZIF as practically unchanged, risk-free or low-risk.

At 414 basis points, the credit risk premiums for the COF are noticeably higher. Ultimately, these premiums lead to a repayment yield of 4.9%, i.e. in the coming year, the COF should once again make a noticeable positive contribution to the portfolio result. The credit risk premiums generate a decent return every year and also serve to build up an imaginary buffer should one of the 198 bonds default.

The lower rating of the COF (BB) compared to the ZIF is interesting. At first glance, one might therefore assume greater fluctuations. The duration in the COF is low at 2.6, which also contributes to the low volatility and is thus only half as high as in the ZIF. The historical volatility in the COF was 2.3% – significantly less than the ZIF with its higher interest rate risks, which was indeed subject to considerable volatility during 2024.

Some portfolio optimizations have been made in the COF. Some reductions and disposals of positions (including Selecta) were offset by promising purchases (including Rieter, Gategroup, TUI Cruises, Carnival Corporation, Color Group, Techem and hybrid bonds from Total Energies, ING Bank and Société Générale).

We believe that conservatively structured portfolios in particular should include a significant component of ZIF positions. Their performance is not outstanding in good economic times. Then the portfolio is rather nourished by the equity performance.

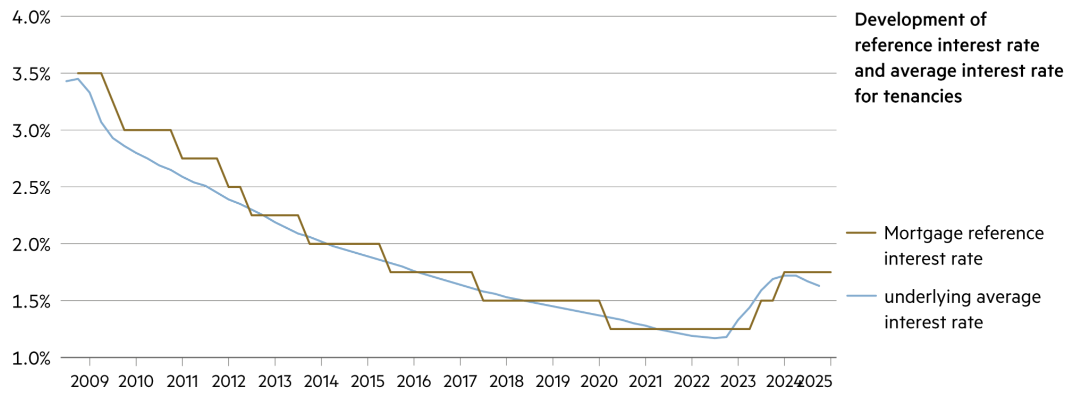
The ZIF is positioned as a hedge that should benefit in economic downturns. In addition, the liquidity is outstanding, while in lower credit rating classes the spread between the bid and ask prices is considerable.

	Zugerberg Income Fund	Credit Opportunities Fund
Yield in 2024 (since the beginning of the year)	+1.8%	+7.1%
Yield since the start (annualized)	-6.8% (-1.1%)	+34.1% (+2.5%)
Proportion of months with positive yield	54%	68%
Credit risk premium in basis points (vs. previous month)	94 BP (-2 BP)	414 BP (+1 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

Interest rate cuts boost value



Development of reference interest rate and average interest rate from 2008 to 2024 (Source: Federal Housing Office BWO | Graphic: Zugerberg Finanz)

Due to the sharp decline in inflation, we expect the Swiss National Bank (SNB) to cut interest rates further in two steps from 1.0% to 0.5% on December 12, 2024 and March 20, 2025. This will lead to increased demand for real estate at the real estate fairs next spring. Infrastructure projects, provided that the revenues are generated in Europe, should also experience a higher valuation due to lower interest rates.

The starting position is excellent. The national consumer price index fell by 0.1% in November 2024 compared to the previous month, reaching 106.9 points (December 2020 = 100).

Compared to the same month of the previous year, inflation was +0.7% (yoy). This puts it in the lower half of the SNB's target range for price stability of 0% to 2%.

The 0.1% decline compared to the previous month is due to various factors, including lower prices in the hotel industry and for package holidays abroad. Prices for new cars and fruit vegetables also fell. By contrast, prices for apartment rents and air travel rose.

In addition, it can be assumed that the mortgage reference rate of currently 1.63% (effective September 30, 2024) will continue to fall in the near future.

The reference interest rate, which is decisive under tenancy law, is rounded in accordance with commercial practice and thus continues to be 1.75% (rounded up) and applies from December 3, 2024. The legal basis is Article 12a of the Ordinance on the Rental and Lease of Residential and Commercial Premises (VMWG).

The reference interest rate will remain at this level until the average interest rate falls below 1.63%. This is likely to happen at the next calculation with the cut-off date of December 31, 2024. This would lower the reference interest rate to 1.5% and rents would be reduced in the spring of 2025.

According to tenancy law, the rent can be reduced by 3% for each quarter percentage point. In economic terms, this results in an inflation trend that tends towards 0%.

The SNB is almost certain to cut interest rates at least once in order to revive the economy and prevent inflation from sliding into deflationary territory. The Purchasing Managers' Index surveys remained close to the growth threshold of 50 points, while real retail sales showed only slight signs of recovery. By contrast, exports rose in October, driven by the strong chemical and pharmaceutical sectors.

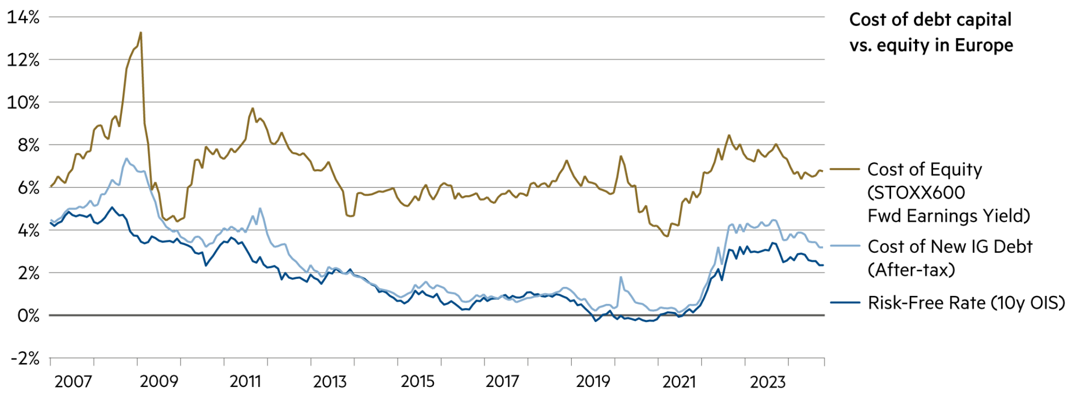
The Swiss real estate fund index has achieved a respectable total return since the beginning of the year (+13.7%). Most of this was earned in recent months, when inflation rates continued to fall and interest rates were cut further.

Negative interest rates remain one of the monetary policy instruments available to the SNB, but we assume that this will be avoided if possible.

Asset sub-class	3–6 months	12–24 months	Analysis
Residential properties CH	↗	↗	Demand for condominiums will pick up again significantly in the coming quarters, even at higher price levels than in 2023 and 2024.
Office and retail properties CH	→↗	→↗	With Mobimo and PSP, we feel well positioned to take advantage of the continued demand for well-located residential, office and commercial properties.
Real Estate Fund CH	→	→↗	Indirect real estate investments (CHREF) rose significantly over the last 12 months (+20.2%) and made up for the losses in 2022.
Infrastructure Equity / Fund	↗	↗	The outlook for infrastructure operators remains bright: their lower borrowing costs should lead to higher profits.

Equity

Cost of debt is falling



Cost of debt vs. equity in Europe (Source: CreditSights, ICE Data Indices | Graphic: Zugerberg Finanz)

In Europe, it is a good time for companies that pursue their profitable business model with a significant amount of debt capital. This has been getting cheaper for about two years and this trend is likely to continue in 2025. When it comes to equity, the trend is slightly in the opposite direction. Investors are demanding a return of around 7.0% for providing capital, partly due to the uncertainties associated with the economic and social conditions in Europe.

Due to the rosy outlook in the US, equity investors are satisfied with significantly lower return prospects and continue to buy highly valued equities. In Europe, valuations are lower and the earnings outlook for the coming years is correspondingly rather higher.

In the case of European equities, investors are satisfied with around 7.0% returns for established, larger and more broadly based companies, such as those included in the Stoxx 600. This can be derived from the forward earnings yield. The Stoxx 600 also includes the most important Swiss companies, so that this expected return also applies to Swiss equities. Just to remind you: with a 7% return and the reinvestment of earnings, the capital employed doubles within ten years.

The expected return on smaller companies, which are sometimes less diversified and may also be associated with greater risks around individual key persons, is higher. In many cases, the illiquidity of shares in small and medium-sized companies must also be taken into account, which also leads to a risk premium. Therefore, the cost of capital for equity is in the range of 8% to 10%.

The encouraging thing about efficient markets is that these capital costs are actually realized over several years, i.e. the outlook, as implicitly indicated by European market expectations, remains fairly constructive and positive with regard to the future. We also believe that Switzerland's domestic focus will pay off in the area of equities.

The return prospects are certainly significantly higher for equities than for bonds, and for European champions they are even somewhat higher than for US equities due to the base effect.

In general, we can summarize as follows: in our capital markets, we assume that the next ten years will be characterized by higher household spending, high capital investments (CI, automation and related fields, energy, infrastructure, etc.) and also by higher economic growth.

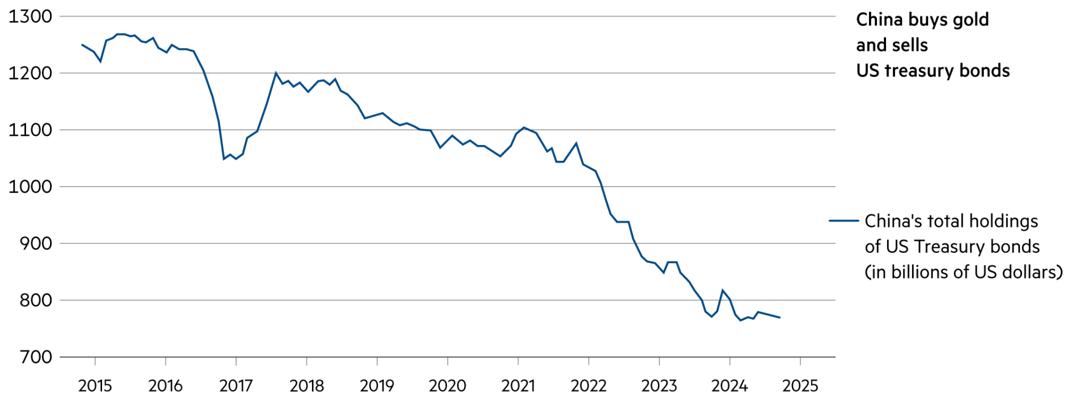
Expected returns remain high by historical standards. We also believe that the global economy is now more broadly based, more diversified and healthier than it was for much of the last decade. Nominal trend growth forecasts for the G7 economies underscore this view, rising for the fifth consecutive year from a multi-year low of 3.1% in 2020 to 3.9% for the year 2025.

True, risks exist. Stubbornly elevated deficits, increasing geopolitical tensions, income inequality and a rising tendency to economic nationalism all pose threats to this outlook. Still, we believe that the structural investment in productive assets over our forecast horizon marks a decisive and positive shift from the low investment and low growth world of the 2010s.

Asset sub-class	3–6 months	12–24 months	Analysis
Equity Switzerland	↗	↗	Since the beginning of the quarter, Swiss Re (+12%), Zurich Insurance (+10%) and Holcim (+9%) have gained the most. We think all three stocks are worth considerably more.
Equity Eurozone, Europe	↗	↗	Here, a distinction must be made between a national economy and the global champion, which typically generates no more than 40% of its sales in Europe.
Equity USA	↗	↗	Optimism on the US stock market seems boundless. According to the "Conf Board", 56.4% of respondents expect equities to continue to rise.
Equity Emerging markets	↗	↗	Unfavorable demographic and economic developments in China are creating structural headwinds and reinforce our cautious assessment.

Alternative investments

China sells US treasury bonds



China buys gold and sells US Treasury bonds; 2015-2024 (Source: US Treasury Department, 11/2024 | Graphic: Zugerberg Finanz)

It is still expected that China will continue to sell US Treasuries. Over the past ten years, China has reduced its holdings of US Treasuries by around 40%. To support its currency, the Chinese central bank (PBoC) has purchased a massive amount of gold, but no bitcoins. Behind this is a clear diversification strategy «away from the US dollar».

Investors sensed this in rising gold prices on the one hand and falling US Treasury bond prices on the other. In Europe, on the other hand, there is currently a noticeable «flight out of French government bonds». The spread between France and Germany for ten-year bonds hovered around the 90 basis point mark at the beginning of December – the same as the premium of Greek government bonds over German ones. This is the highest spread since the eurozone bond crisis of 2012, as the French budget debacle intensifies and French banks and insurance companies weigh on the euro stoxx 600.

This is probably why substantial funds are also flowing into safe government bonds from Germany and Switzerland. The yield on ten-year government bonds fell to 0.2% (Switzerland) and 2.0% (Germany) at the beginning of December. This is creating a favorable financing environment. We are indeed anticipating a revival in the real estate industry and an increase in corporate takeovers.

It is important that the IPO market, i.e. the market for IPOs, picks up again after years of uncertainty. 2024 proved to be a decisive year. Galderma, which was once owned by Nestlé and further developed by the Swedish private equity firm EQT, went public on the Swiss stock exchange. The company, which specializes in skin care products (including Daylong sunscreen), is worth more than 21 billion Swiss francs. Sunrise (CHF 3 billion) was another notable IPO.

Recent analyses by private equity researchers underscore the parallel correlation between low interest rates, increased IPOs and heightened M&A activity. 2024 was no exception. This upturn will accelerate into sustainable growth in 2025. Rather, it is becoming apparent that investors need to pay attention to this in order not to miss out on opportunities. Shortly after the IPO, for example, Galderma shares were available for 62 francs. Since then, the share price has risen by 45% and the shareholder base has expanded massively (including L'Oréal, which now holds a 10% stake).

However, some companies can also achieve rapid growth without going public. SpaceX, for example, is a US-based aerospace and telecommunications company that was founded 22 years ago by Elon Musk. It is now the global market leader for commercial satellite launches and the world's largest manufacturer and operator of satellites. The company was able to grow through venture capital and private equity. It is now estimated to be worth 350 billion dollars, but an IPO is not imminent.

Asset sub-class	3–6 months	12–24 months	Analysis
Commodities	→↘	→	Under Donald Trump, the US is likely to become the world's largest oil producer again, thus continuing to push energy prices down.
Gold, precious metals	→↗	→↗	In Swiss francs, the price of gold rose from 2'100 francs to just over 2'300 francs per ounce of fine gold after five months of stagnation.
Insurance Linked Securities	↗	↗	These are still solid 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 December.

Market data

Asset class		Price (in local currency)	Monthly / YTD / Annual performance (in CHF)				
Equity		**30.11.2024**	**11/2024**	**2024 YTD**	**2023**	**2022**	**2021**
SMI	CHF	11'764.2	–0.2%	+5.6%	+3.8%	–16.7%	+20.3%
SPI	CHF	15'672.5	–0.2%	+7.6%	+6.1%	–16.5%	+23.4%
DAX	EUR	19'626.5	+1.9%	+17.5%	+13.1%	–16.3%	+10.4%
CAC 40	EUR	7'235.1	–2.5%	–3.8%	+9.6%	–13.9%	+23.6%
FTSE MIB	EUR	33'414.6	–3.4%	+10.4%	+20.4%	–17.3%	+17.3%
FTSE 100	GBP	8'287.3	+3.0%	+12.2%	–0.3%	–8.8%	+16.7%
EuroStoxx50	EUR	4'804.4	–1.4%	+6.6%	+12.1%	–16.0%	+16.0%
Dow Jones	USD	44'910.7	+9.5%	+25.1%	+3.5%	–7.7%	+22.2%
S&P 500	USD	6'032.4	+7.7%	+32.8%	+13.1%	–18.5%	+30.6%
Nasdaq Composite	USD	19'218.2	+8.1%	+34.4%	+30.6%	–32.3%	+25.0%
Nikkei 225	JPY	38'208.0	+1.3%	+12.9%	+8.6%	–19.7%	–2.6%
Sensex	INR	79'802.8	+1.8%	+14.2%	+7.4%	–4.8%	+23.2%
MSCI World	USD	3'810.1	+6.4%	+26.2%	+10.8%	–18.5%	+23.7%
MSCI EM	USD	1'078.6	–1.9%	+10.6%	–2.6%	–21.5%	–1.8%
Bonds (mixed)		**30.11.2024**	**11/2024**	**2024 YTD**	**2023**	**2022**	**2021**
Glob Dev Sov (Hedged CHF)	CHF	155.0	+0.8%	–0.3%	+2.2%	–13.2%	–3.0%
Glob IG Corp (Hedged CHF)	CHF	186.1	+1.0%	+1.0%	+4.2%	–16.7%	–2.0%
Glob HY Corp (Hedged CHF)	CHF	362.5	+1.0%	+6.8%	+8.7%	–13.6%	+1.4%
USD EM Corp (Hedged CHF)	CHF	275.9	+0.8%	+3.9%	+4.5%	–18.2%	–2.7%
Government bonds		**30.11.2024**	**11/2024**	**2024 YTD**	**2023**	**2022**	**2021**
SBI Dom Gov	CHF	188.9	+2.0%	+5.2%	+12.5%	–17.0%	–4.2%
US Treasury (Hedged CHF)	CHF	139.1	+0.5%	–1.8%	–0.5%	–15.0%	–3.5%
Eurozone Sov (Hedged CHF)	CHF	183.2	+2.1%	+0.9%	+4.8%	–18.9%	–3.7%
Corporate bonds		**30.11.2024**	**11/2024**	**2024 YTD**	**2023**	**2022**	**2021**
CHF IG Corp (AAA-BBB)	CHF	190.8	+1.0%	+5.0%	+5.7%	–7.5%	–0.5%
USD IG Corp (Hedged CHF)	CHF	188.6	+1.0%	+0.1%	+3.5%	–18.5%	–2.3%
USD HY Corp (Hedged CHF)	CHF	613.2	+0.8%	+4.6%	+8.5%	–13.7%	+4.1%
EUR IG Corp (Hedged CHF)	CHF	169.0	+1.4%	+2.7%	+5.9%	–14.1%	–1.2%
EUR HY Corp (Hedged CHF)	CHF	301.5	+0.4%	+5.0%	+9.8%	–10.9%	+3.2%
Alternative investments		**30.11.2024**	**11/2024**	**2024 YTD**	**2023**	**2022**	**2021**
Gold Spot CHF/kg	CHF	74'864.8	–1.8%	+33.0%	+0.8%	+1.0%	–0.6%
Commodity Index	USD	98.1	+1.9%	+4.5%	–20.4%	+15.1%	+30.8%
SXI SwissRealEstateFunds TR	CHF	2'659.3	+1.0%	+13.7%	+5.4%	–17.3%	+7.6%
Currencies		**30.11.2024**	**11/2024**	**2024 YTD**	**2023**	**2022**	**2021**
US dollar / Swiss franc	CHF	0.8810	+2.0%	+4.7%	–9.0%	+1.3%	+3.1%
Euro / Swiss franc	CHF	0.9320	–0.9%	+0.3%	–6.1%	–4.6%	–4.0%
100 Japanese yen / Swiss franc	CHF	0.5881	+3.6%	–1.4%	–15.4%	–11.0%	–7.5%
British pound / Swiss franc	CHF	1.1220	+0.7%	+4.7%	–4.2%	–9.3%	+1.9%