PostFinance Investment navigator 2026

The year of decisions

PostFinance

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Interview

Euphoria is dangerous during peaks

Our Chief Investment Officer Philipp Merkt casts an eye back over investments in 2025 and takes a look ahead to the future performance of the economy and financial markets.

Philipp Merkt
Chief Investment Officer

Philipp, it's been a pretty crazy year on the financial markets. That's probably not quite how you imagined it would be?
Yes, the overall performance of the financial markets last year was very encouraging. But at the same time, the twists and turns of global politics, driven by the new US President Donald Trump, caused considerable unrest. Despite the rising uncertainty, however, most asset classes still achieved impressive returns.

Isn't uncertainty usually toxic for stock exchanges?
Risk and opportunity go hand in hand. The world is experiencing profound upheaval, which means that many old and familiar things will no longer work in the future. At the same time, however, new opportunities are emerging. Last year, the financial markets focused primarily on one issue: artificial intelligence (AI). Its development – or rather its profitability – may be slower than some expect, but AI is highly likely to fundamentally change the world. Companies that are actively shaping this change have a good chance of gaining market share. Those who resist it will find it difficult to hold their own in many sectors over the long term.

But doesn't that mean it's a zero-sum game?
No. Customers find the new solutions better and superior. In the past, this has led to rising demand and higher labour productivity. Economists are right on this point: in the long run, productivity is the key driver of value creation and thus of company value. And it also determines our prosperity and standard of living in the long run.

In the short term, however, a great deal of employees feel threatened by AI!
We need to take that seriously. But, as with all fundamental innovations, this transformation can't be stopped. On the contrary, the more consistently we push ahead with structural change, the greater the economic benefits for us all. This insight is emphasized by experience gained from past revolutionary innovations and from repeated industrial policy failures in numerous countries.

Speaking of industrial policy, the idea that we have to reindustrialize was actually the driving force behind Trump's tariff policy in 2025.
That's an outdated view of the economy. Services have long since replaced industry as the main source of value added and wealth. This is particularly true in the USA, where around 80 percent of value added is generated in the services sector. Unlike industry, the USA actually had a surplus in services trade with other countries. On the stock exchanges, companies such as Amazon, Alphabet and Meta were key drivers of value growth. Of course, these companies are also dependent on efficient infrastructure. Ultimately, however, many industrial companies are suppliers to service providers. Without the Internet, cloud infrastructure and social networks, there would probably be no market for companies such as Nvidia.

Does that mean the Magnificent Seven stock exchange boom will continue?
That's not an easy question to answer. The challenge for many of these companies is that their business models are based on indirect monetization. Anyone looking for information on the Internet, for example, uses Google without paying for it directly. Instead, value is created through advertising, which generates revenue for parent company Alphabet. This user behaviour is currently experiencing fundamental changes. With the emergence of new AI-based applications, it is still unclear whether ad-financed models will continue working in their current form and how revenue distribution may look in future. This uncertainty makes the current situation particularly challenging for investors.

The PostFinance culture fosters straightforward working relationships on an equal footing. We cooperate efficiently within a flat hierarchical structure and use familiar forms of address across all levels and departments, from our apprentices to our CEO.

So you don't share the tech euphoria of the stock exchanges?
It may be accurate for the products and solutions. In many cases, however, it's still unclear how these innovations can be used to earn money in the long term. At the same time, the markets expect current profits, which are at historic highs and still based on existing business models, to continue to grow unchecked in the coming years. Given the peaks that have been achieved, euphoria may be appropriate. In fact, many investors have made significant gains over the past year. But the economy isn't a one-way street and never stands still. On the contrary, structural changes and competition are the norm. These are precisely the factors that force companies to adapt and ultimately form the basis for long-term growth.

"We are in a phase of accelerated structural change. This increases the risks on the financial markets, but also opens up opportunities. We want to minimize the former, without missing out on the latter."

So it's not a good idea to invest everything in equities?
No, we pursue investment strategies that specifically look for opportunities, but these aren't found exclusively on the equity markets. Examples include gold, which has risen significantly in value in recent years, and investments in emerging markets. If you want to invest successfully in the long term, you need a well-considered, broad-based strategy.

And does that include Bitcoin and other cryptocurrencies?
That's an important and frequent customer request. For investors who are able and willing to take on significant risks, adding cryptocurrencies to their portfolio may make sense. For example, we believe those who already invest almost exclusively in equities can incorporate a low proportion of cryptocurrencies, e.g. 5 percent. We will be launching an investment focus of this kind over the coming weeks. Within the equity market, there are also other thematic approaches to adding investment products, such as demography, urbanization and new technologies. These themes can be long-term value drivers, but they require a high risk appetite. This is because, as ever, nothing is a one-way street, and temporary losses are possible.

So, how would you sum up the outlook for the economy and financial markets?
In economic terms, we are facing considerable challenges due to the structural upheaval. In addition, inflation rates outside Switzerland have remained stubbornly high. Without a global recession, inflation is likely to remain elevated, meaning that interest rate developments are unlikely to provide any tailwind for equity market valuations. A significant fall in interest rates would only be likely in a recession environment, when inflation also eases. However, this kind of development would be negative for the equity markets. In light of this, we're remaining cautious for the time being and feel well positioned with the high proportion of gold in our portfolios compared to the industry average.

And what about the Swiss economy?
This year won't be easy. Firstly, there's a structural labour shortage. This isn't just down to demographics, but also to the much more significant trend of people working less and less. Secondly, we have seen hardly any growth in productivity outside the pharmaceutical sector in recent years. If manufacturing is now increasingly relocated to the USA, it will be difficult to achieve high growth rates. On a positive note, we're in a better position than other countries when it comes to inflation. We have price stability, and that won't change for the time being.

Financial markets defy US trade conflict

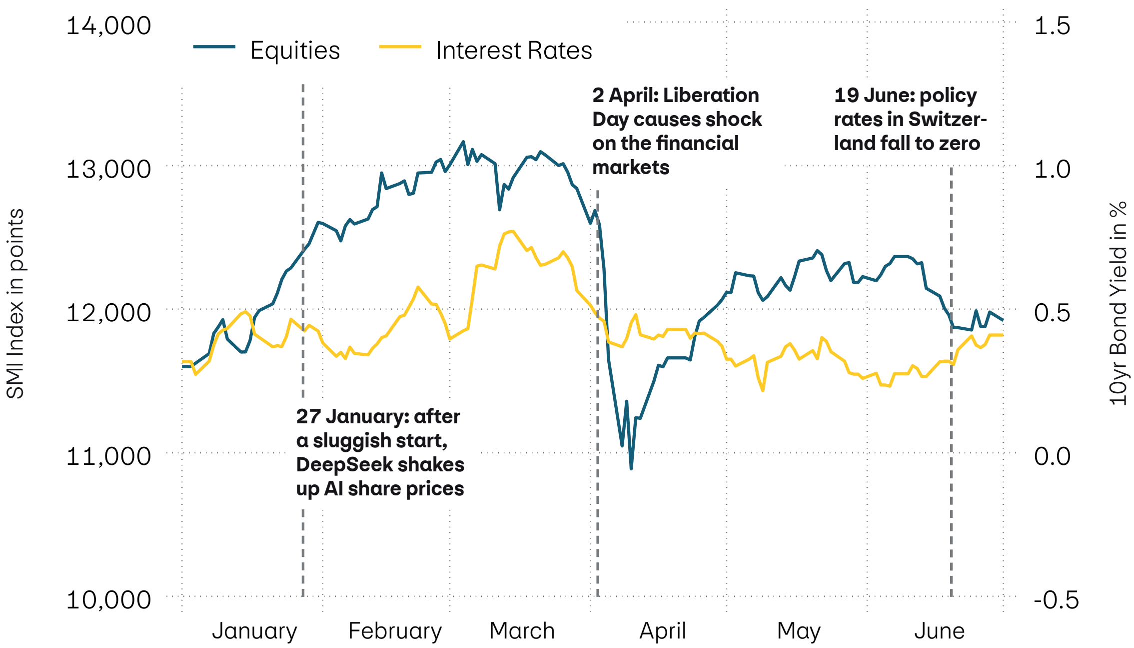
Market activity was heavily influenced by the US trade conflict in the past year. This repeatedly led to setbacks on the equity markets. However, the markets recovered again and in many places reached new record highs. This was driven in particular by the ongoing euphoria surrounding artificial intelligence. Beat Wittmann, Head of Investment Office, explains how PostFinance has dealt with these challenges facing its customer portfolios.

Monday, 27 January 2025: after a good start to the year, DeepSeek shakes up AI share prices
The start of the new year was encouraging on the financial markets. The election of Donald Trump provided a strong boost, which could not be slowed down by persistently high inflation or rising capital market interest rates.

At the end of January, Chinese start-up DeepSeek then triggered an earthquake in the world of AI. The company has developed AI models that perform similarly to those of US competitors, but require significantly lower investment and lower computing power. This news put pressure above all on companies operating along the AI chip value chain. For example, the value of Nvidia shares fell by more than 10 percent in January.

Beat Wittmann
Head of Investment Office

Review of 2025 – 1st Semester



Source: Factset

Wednesday, 2 April 2025: Liberation Day causes shock on the financial markets

At first, the setback caused by DeepSeek primarily weighed on the US tech sector and, due to its high market capitalization, the US market as a whole. Liberation Day on 2 April was followed by an even greater and more far-reaching setback. In early April, US President Donald Trump announced his intention to introduce extensive US tariffs after just 72 days in office. Customs duties in the order of 20 to 30 percent were to apply as of 9 April 2025 – significantly higher than the previously applicable duties. The financial markets responded immediately. Equity markets across the world fell by more than 10 percent within a few days. As is usually the case with market turmoil, capital market interest rates initially fell significantly. However, this didn't last long. Shortly afterwards, they rose again sharply. 10-year yields to maturity rose from less than 4 percent to 4.5 percent. The US government is also likely to have been concerned about this increase as, shortly afterwards, President Trump suspended the countertariffs again for at least three months, which reassured both the bond and equity markets to some extent.

The looming trade dispute with the US already worried us early on, because we took Trump seriously. He ultimately implemented what he had announced in the run-up to and during his election campaign. From mid-March, we underweighted the US equity market in a targeted and tactical manner and continued to focus on global value stocks for diversification reasons. This proved to be wise, particularly during the market turmoil in April.

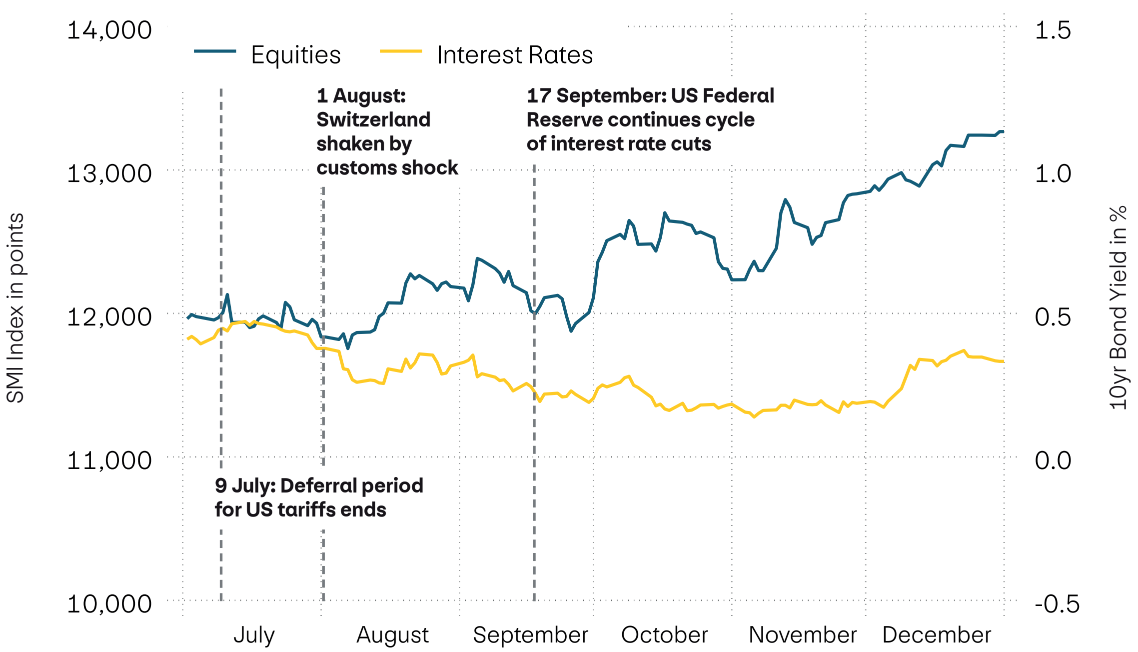
Thursday, 19 June 2025: policy rates in Switzerland fall to zero

There were signs of a return to pre-coronavirus times, particularly on the bond market in Switzerland. In contrast to the stubbornly high inflation worldwide, price stability prevailed again in Switzerland and there was even a risk of negative inflation in some cases. At the same time, the economic situation remained fragile. Against this backdrop, the Swiss National Bank lowered its policy rate to zero percent. This meant the Swiss bond market returned to low interest rates, while for money market investments there was even a threat of negative interest rates. We therefore decided to shift our positions from the money market back into liquidity. At the same time, this bore out our overweight in Swiss real estate, which we have held since January.

Wednesday, 9 July 2025: Deferral period for US tariffs ends

After the slump in April, equity markets worldwide began to recover strongly. By mid-May, European equity prices had largely returned to their level before the fall in April. This trend was to continue until the end of the first half of the year. The expiry of the 90-day deferral period and the associated renewed threats from Washington did little to change this. The decisive factor was above all the announcement of more and more customs agreements with less drastic customs duties, which is likely to have led to a noticeable easing of tensions in many places. This allowed us to close our underweight position in European equities in good time in the spring.

Review of 2025 – 2nd Semester



Source: Factset

This was to prove wise, particularly in view of the currency developments. The euro remained virtually unchanged against the Swiss franc. It meant the strong performance of European equities was reflected almost one-to-one in the portfolios of Swiss franc investors, in complete contrast to the US dollar. Although US stocks also recovered strongly from the slump at the beginning of April, this was only reflected in the local currency. This was due to the sharp depreciation in the US dollar this year, falling more than 10 percent against the Swiss franc. It meant the US stock market actually had a negative impact in the first half of the year. However, this effect is much less pronounced in our Swiss portfolios as we also hedge the currency to some extent in our equity allocation.

The weakness of the US dollar and our scepticism towards the US stock market led us to raise our exposure to emerging market equities in July. A glance at the past shows that emerging market investments tend particularly to benefit from a weak dollar. The precious metal gold also benefits from a weak US dollar. The escalating trade conflict and persistently high inflation in western industrial nations are likely to continue to support demand for gold. With this in mind, we had also increased our position in the precious metal. This assessment once again proved correct this year, as gold and emerging market equities were among the best-performing asset classes.

Friday, 1 August 2025:
Switzerland shaken by customs shock

The announcement of various customs deals raised hopes that Switzerland would soon be able to sign a deal. The shock was all the greater, then, when it became clear on Swiss National Day that Switzerland was unable to reach an agreement with the USA. And on top of that, Switzerland was assigned one of the highest customs duties in the world, totalling 39 percent. The Swiss stock market reacted in a comparatively composed manner. On the one hand, the equity market index is dominated by big pharma companies that are exempted from tariffs. On the other, many of the companies included in the index have production sites worldwide, allowing them to adjust their supply chains at least in the medium term or partially offset burdens in other markets.

> “The shock was all the greater at home, then, when it became clear on Swiss National Day that Switzerland was unable to reach an agreement with the USA.”

However, US consumers are likely to continue to bear the brunt as the tariffs, still significantly higher than before, are likely sooner or later to have an impact on prices. This could only be averted if the companies were to bear the higher costs. However, this wouldn't be good news either as it would significantly reduce margins. In the light of this, we still see increased downside potential on the US stock market and remain underweighted.

Global economic data 2025

	Real GDP-Growth		Potential growth[1]	Inflation		Unemployment		Prime rate	Public debth (in % of GDP)	
	2025	**Ø 10Y**	**2025**	**2025[2]**	**Ø 10Y**	**2024**	**2025**	**2025**	**2024**	**2025**
Switzerland	1.0%	1.9%	1.3%	0.1%	0.7%	2.4%	2.4%	0.00%	32%	37%
USA	2.2%	2.4%	1.6%	2.6%	3.1%	4.0%	4.6%	3.75%	121%	125%
Eurozone	1.4%	1.5%	1.1%	2.1%	2.6%	6.4%	6.4%	2.15%	88%	88%
UK	1.3%	1.4%	1.7%	3.4%	3.3%	4.3%	5.0%	3.75%	102%	103%
Japan	1.3%	0.5%	1.1%	3.3%	1.3%	2.5%	2.5%	0.75%	251%	230%
China	5.2%	5.6%	6.3%	0.0%	1.4%	5.1%	5.1%	3.00%	90%	96%
India	7.5%	6.0%	6.1%	2.5%	4.8%	8.1%	4.7%	5.25%	83%	81%
Brazil	2.7%	1.5%	1.5%	5.1%	5.4%	7.1%	5.2%	15.00%	88%	91%

[1] Potential growth: Long-term change in gross domestic product with sustainable capacity utilization
[2] Average monthly inflation rates Jan-Nov

Source: Factset

Performance of asset classes

		Performance 2025	Performance 2025	Performance 5Y[1]	Performance 10Y[1]
		In Local currency	in CHF	in CHF	in CHF
Currencies	EUR	–	–1.0%	–3.0%	–1.6%
	USD	–	–12.7%	–2.2%	–2.3%
	JPY	–	–12.2%	–10.0%	–4.9%
Fixed income	Switzerland	–0.1%	–0.1%	–0.5%	0.3%
	World	8.2%	–5.5%	–4.3%	–1.1%
	Emerding Markets	13.9%	–0.5%	–0.8%	1.9%
Equities	Switzerland	17.8%	17.8%	6.5%	7.2%
	World	20.9%	5.6%	9.8%	9.7%
	USA	17.3%	2.5%	10.9%	11.6%
	Eurozone	23.7%	22.5%	8.2%	6.5%
	United Kingdom	25.8%	18.3%	10.9%	5.4%
	Japan	24.3%	9.1%	4.3%	5.1%
	Emerging Markets	33.6%	16.7%	1.9%	5.9%
Alternative Investments	Swiss real estate	10.6%	10.6%	4.5%	6.0%
	Gold	64.6%	43.8%	15.3%	12.4%

[1] Average yearly performance

Data as 31.12.2025
Source: Web Financial Group, MSCI, SIX, Bloomberg Barclays, J.P.Morgan

Wednesday, 17 September 2025: US Federal Reserve continues cycle of interest rate cuts
The financial markets actually showed more optimism in the second half of the year. The market largely ignored fears of recession, underpinned by weak US labour market data in September. Instead, there was widespread hope that monetary easing could offset economic weakness. Following a pause, the US Federal Reserve did indeed cut policy rates again in September, October and December. In doing so, it accorded greater importance to labour market weakness than to inflation, which remained above the target range. We're also increasingly concerned about the debt situation in the USA, which isn't very sustainable. Together with the dollar's continued weakness, we decided to eliminate our overweight position in US government bonds in favour of emerging market bonds.

At the same time, the euphoria surrounding the AI boom returned in the second half of the year. However, the foundations of this euphoria were crumbling again in October. During third quarter reporting, doubts grew as to whether high valuations were justified and whether the huge AI investments would actually pay off, especially as some companies have been dependent on external financing. Our scepticism towards these high valuations and the concentration of these companies on the US stock market prompted us to maintain our underweight position.

> "During third quarter reporting, doubts grew as to whether high valuations were justified and whether the huge AI investments would actually pay off, especially as some companies were dependent on external financing."

Conclusion
We've reached the end of a year marked by trade conflict and fresh AI euphoria. At the same time, the economic situation continues to be challenging. While the US economy remains robust, the outlook is still gloomy. Meanwhile, in Europe and China we're waiting for a sustained bottoming out of the economy. Clearly, the financial markets don't appear particularly concerned about this. AI euphoria, in particular, drove the positive overall trend on the equity markets last year. However, the numerous setbacks during the year mean that the stockmarkets' upward trend is rather fragile. Our portfolios performed exceptionally well in this challenging environment thanks to cautious and broadly diversified positioning across sectors.

Review of 2025 in figures

17.6%

Average US tariff rate (incl. reciprocal tariffs)
2023: 2.4% | 2024: 2.5%
Source: Tax Foundation

106,591

Gold price in CHF per kg
2023: 53,989 | 2024: 74,104
Source: FactSet

0.7934

USD/CHF in December
2023: 0.8414 | 2024: 0.9074
Source: FactSet

4,531,950

Nvidia market capitalization in USD million
2023: 1,223,193.4
2024: 3,288,762.1
Source: FactSet

2.6%

Core inflation in the USA
2023: 3.9% | 2024: 3.2%
Source: U.S Bureau of Labor Statistics

0.0%

SNB policy rate
2023: 1.75% | 2024: 0.5%
Source: SNB

124.3

Property prices for owned homes in Switzerland (index = 100 in 2019)
2023: 117.4 | 2024: 120.2
Source: FSO

1.0%

Vacant apartments in Switzerland (vacant housing index)
2023: 1.15% | 2024: 1.08%
Source: FSO

1.29

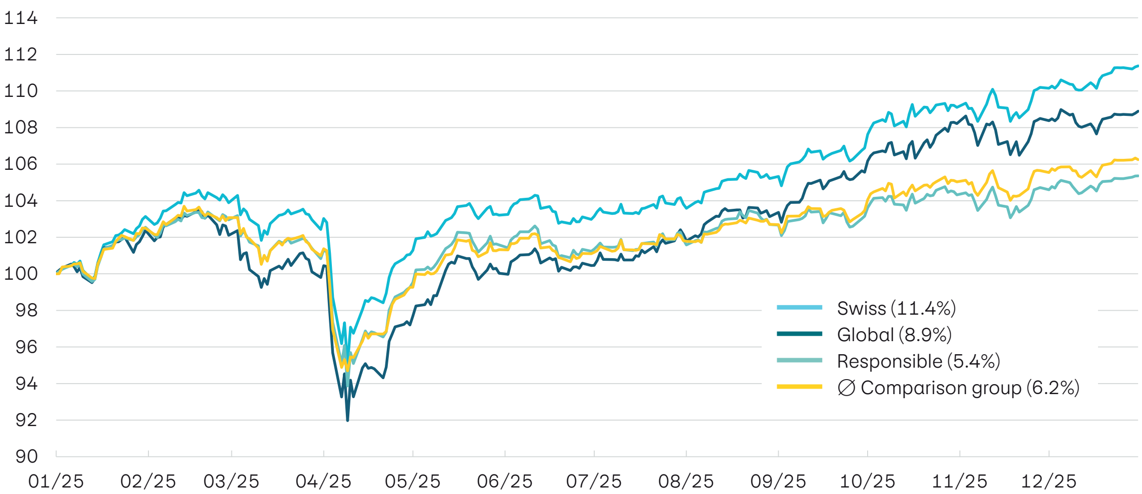
Birth rates in Switzerland (per woman, 2024)
1964: 2.68 | 2014: 1.54
Source: FSO

E-asset management

Our portfolios in 2025

2025 was a turbulent year for stock exchanges, dominated by uncertainty over the US trade conflict and the AI boom. Despite temporary setbacks, our balanced portfolios proved robust, ending the year with a very encouraging performance.

Performance in CHF, Risk strategy "Balanced"
100 = 01.01.2025



Source: PostFinance, Bloomberg

In 2025, stock exchanges were dominated by the US trade conflict and extensive punitive tariffs, as well as the question of how sustainable the artificial intelligence boom will actually be. Despite a few setbacks, the investment year proved extremely encouraging for investors.

Liberation Day
Overall, the start to the 2025 investment year was relatively subdued. Despite this, both the stock exchanges and our balanced portfolios hit new record highs in February. However, this increase in value came under considerable pressure following the escalation of the trade conflict with the USA and, later, Liberation Day. In this challenging environment, broad diversification, our underweighting in the overall equity allocation and hedging with gold proved to be stabilizing factors, helping the balanced portfolios to perform relatively well even during this phase.

Weak US dollar
Following the temporary suspension of some punitive tariffs, both the markets and our balanced portfolios recovered. Portfolios with a Swiss focus were close to their record high again in May. A major reason for this was the currency hedging: in our portfolios with a Swiss focus, we hedge part of the foreign currency allocation in equities. This proved particularly valuable, as the US dollar depreciated by over 10 percent against the Swiss franc in the first half of the year. Without hedging against foreign currency risks, the recovery on the US equity markets was initially barely visible. By the middle of the year, the portfolios were finally up by 0.5 to 3 percent.

Making up lost ground in the second half of the year
Our portfolios made strong gains in the second half of the year. Renewed optimism on the equity markets, particularly for tech equities, provided tailwinds. At the same time, our strategic and tactical allocation to emerging market investments proved successful. Experience shows that these investments benefit from a weak US dollar, which was particularly pronounced in the second half of the year. Gold also rose to new all-time highs, benefiting portfolios with a Swiss or Global focus in particular. Despite a challenging market environment, our balanced portfolios closed the investment year with an extremely encouraging annual performance of around 5 to 11 percent.

PostFinance has the right investment solutions for you

We'll help you to build up your assets with our investment solutions. You have the choice of delegating the management of your assets to us, obtaining advice or conducting your investment transactions independently.

Why now is the right time to invest

Don't want to miss out on opportunities to generate returns? Then you should start investing now. Want to keep your investment goals on track? Then continue investing now.
Invest now because time is on your side. There is always a risk of turbulent conditions on the global stock markets. So what's the best investment approach? It's generally advisable to stick with the investment strategy selected. A long-term horizon pays off when investing. Time can help to even out fluctuations in value.

Sustainability-related investment

Whether you're having your assets managed, receiving expert advice or investing independently: we offer investment solutions that incorporate ESG aspects. You can select the "Responsible" focus in e-asset management and investment consulting plus – or invest in our ESG funds.

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Award

Best Wealth Managers

Every year, Bilanz honours the best asset managers in Switzerland. For the fifth year running, PostFinance has been ranked among the top five asset managers in Switzerland in the custody account performance comparison.

Delegation

E-asset management

Would you prefer to invest according to your chosen strategy without having to worry about it yourself?
With e-asset management, we invest your money according to your individual investment strategy. We monitor your portfolio continually and adjust it if required – you don't have to worry about anything.

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Consulting

Fund consulting basic

Want to keep control yourself, but also benefit from our advice?
Fund consulting basic offers a straightforward range of PostFinance Fonds and third-party funds that are tailored to your needs. You can receive investment proposals, either directly online or in a personal consultation. You also have the option of investing regularly in a funds saving plan.

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Independent

Fund self-service

Are you an investment expert who wishes to invest in funds independently without any advice?
With fund self-service, you choose independently from our straightforward range of PostFinance Fonds and third-party funds, all tailored to your needs. The third-party funds provide a choice of various countries, sectors and themes, such as technology. You also have the option of investing regularly in a funds saving plan.

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Independent

E-trading

Would you like to trade securities yourself online on major stock exchanges?
Via e-trading, PostFinance's intuitive, modern trading platform, you can carry out your stock exchange transactions online, anytime and anywhere – and at extremely attractive conditions.

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We would be happy to advise you

Good advice, better decisions.
Our experts will support you – book an appointment now:
postfinance.ch/advice or QR code

Independently or with advice

Retirement funds

Do you want to build up assets while focusing on returns to maintain your standard of living during retirement?
PostFinance offers retirement funds in which you can invest retirement capital from your retirement savings account 3a or vested benefits account. The funds have different allocations of shares and bonds. When retiring, you have the opportunity to keep the units of the retirement fund associated with your retirement savings account 3a and to transfer them commission-free into a fund consulting basic custody account or a fund self-service custody account.

postfinance.ch/retirementfunds

Independent

Crypto

Would you like to invest in cryptocurrencies easily and securely?
With PostFinance's crypto range, you can trade directly in e-finance or in the PostFinance App around the clock. You benefit from a clear range of cryptocurrencies, secure custody in Switzerland and transparent prices. Invest flexibly with an individual order or regularly with a savings plan – from as little as 50 US dollars. You can also earn regular rewards with staking.

postfinance.ch/crypto

PostFinance is all about investment expertise

Find out how our Chief Investment Officer (CIO) and investment experts view financial market developments – in the investment compass, CIO video, podcast and investment navigator.

Find out how our Chief Investment Officer (CIO) and investment experts view financial market developments – in the investment compass, CIO video, podcast and investment navigator. postfinance.ch/market-view

Outlook for 2026

The year of clarity

After several turbulent years, 2026 is likely to bring clarity, both on recent developments such as the new US trade policy and on longer-term issues relating to the economic cycle and market valuations. This will create opportunities for prudent investors.

The past year has been intense and dominated by significant change. The liberal world order, which has been in place since the Second World War and is based on the rule of law, free trade and international institutions, has become noticeably less important. The economic rise of China and India and the increasingly assertive stance of regional powers such as Turkey have been challenging this order for some time. Donald Trump's return to the White House last year has accelerated this process. The result is a multipolar world in which economic and political power matter more than shared rules. This was particularly evident in trade policy. For example, Donald Trump imposed import tariffs averaging 18 percent, breaking with decades of free trade policy.

In our outlook for the 2025 investment year, we aptly referred to it as a "year of transformation". Dramatic changes of this kind are typically followed by a phase in which their impact is revealed. Accordingly, 2026 is likely to be a year of clarity in two respects: firstly, the consequences of current developments such as the new US trade policy will become evident. Secondly, longer-term issues are likely to be resolved, such as the global economy and financial market valuations.

US trade policy will take effect
Let's start with the latest developments. The full impact of US trade policy will be revealed over the course of the year. Its effects have so far been limited, as many companies had built up large stocks before the tariffs came into force. As these stocks run out in 2026, the impact of the trade tariffs and price increases is likely to become very clear. As such, we should assume that inflation will remain above the US Federal Reserve's targets for the time being, unless the economy weakens significantly in the near future. Given this context, the US dollar is likely to remain weak, as it was in 2025.

However, trade policy is under political scrutiny – and with it the US president's entire policy. The midterm elections in November will show just how popular his agenda is. Following the Democrats' recent electoral successes, it seems possible that Republican majorities in Congress will be lost, which would limit the Trump administration.

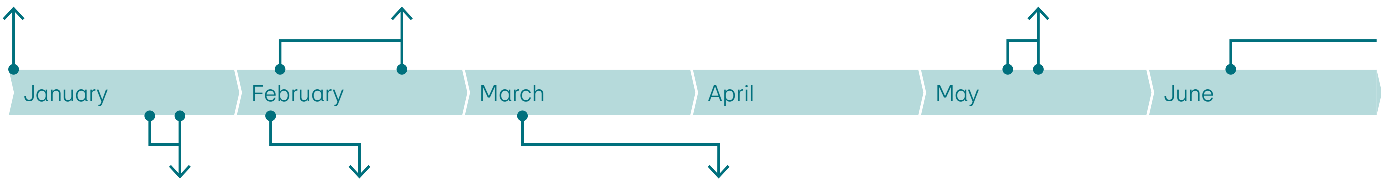
Global economy at a turning point
Longer-term questions are also likely to be answered in 2026. One of these relates to the global economy. The US economy's protracted upturn may gradually weaken.

Events coming up in 2026 – January to June

1 January:
Introduction of the euro in Bulgaria
The currency's long-planned introduction comes at an inopportune time, after the government was forced to resign at the end of 2025.

6–22 February:
Winter Olympics in Milan and Cortina d'Ampezzo
Ski mountaineering will make its debut at the Winter Olympic Games, the third to be held in Italy.

12–16 May:
Eurovision Song Contest in Vienna
Following Austria's victory in 2025, Vienna will host the ESC for the third time.



19–23 January:
World Economic Forum
For the first time, the international economic forum with the theme "A Spirit of Dialogue" will be held without its founder Klaus Schwab.

5 February:
End of New START
Without new negotiations, the US–Russia nuclear arms reduction treaty is in danger of expiring.

8 March:
Vote on SRG Initiative
The Swiss electorate will vote on issues such as the "Halving Initiative", which aims to reduce the universal radio and television fee.

So far, it has held its ground because wealthy households, benefiting from gains in equities and real estate, have significantly increased their consumer spending. However, the majority of households are under pressure and struggling to maintain current consumption levels. With the labour market already weakening, this situation could worsen. Companies and private individuals are also reluctant to invest in equipment and construction. So there are many signs that the cycle is entering its next phase, which could increase the risk of an economic downturn.

> "The markets are sending mixed signals. 2026 should bring clarity and thus open up new opportunities."

It is questionable whether China could compensate for any economic slowdown in the USA. The country is itself struggling with structural problems, which led to considerable restraint in private investment and consumption at the end of 2025. But Europe offers a glimmer of hope. With the exception of Germany, the eurozone is already growing at an above-average rate, and sentiment has brightened. The initial effects of Germany's massive fiscal package are also being felt. However, European momentum may not be enough to compensate for any weakness in growth. As such, a global slowdown is not out of the question.

One reason for this is that monetary policy can do little to counteract it. Inflation is still above central bank targets in the USA, the UK, Japan and the eurozone. At the same time, real interest rates – in other words, the difference between the policy rate and the inflation rate – are already at zero or even negative in many countries. This means that the scope for monetary policy stimulus is limited.

In addition, fiscal policy is under pressure. The debt situation has worsened worldwide in recent years. Despite its strong economy, the USA recorded a budget deficit of 6 percent of economic output in 2025. Further stimulus programmes would exacerbate the debt burden and could lead to rising interest rates, as we have seen recently with German and Japanese government bonds.

The two stances on the financial markets

Another longer-term question relates to financial market valuations. In recent years, and in 2025 in particular, a remarkable anomaly has influenced the markets: many equity markets have made strong gains and are trading close to their highs at the start of the year. This is based on the assessment that artificial intelligence will massively increase productivity and lead to strong profit growth.

Gold has also reached new highs on several occasions. A substantial proportion of market participants are looking to the precious metal as a safe asset class and assuming that the risks are underestimated. It is unusual for equities and gold to reach record highs at the same time. These two stances cannot both hold indefinitely.

In our view, the cautious stance is more likely to prevail. To justify the high valuations, especially on the US market, AI investments would have to generate substantial revenues. Technology companies would also have to be able to defend their monopoly positions and high gross margins despite increasing competition. Neither of these seems likely to us.

Events coming up in 2026 – July to December

11 June – 19 July:
FIFA World Cup in North America

Canada, the USA and Mexico will host the 23rd and largest FIFA World Cup to date, with 48 teams taking part.

4 October:
Elections in Brazil

Incumbent President Luiz Inácio Lula da Silva is running for re-election for a fourth term.

22 December:
Elections in South Sudan

The first elections since this young state gained independence have been postponed five times since 2015.

12 August:
Total solar eclipse over northern and western Europe

The astronomical event will occur mainly over Greenland, Iceland and Spain, marking the first time since 2006 that the Moon's shadow has passed over continental Europe.

3 November:
Congressional elections in the USA

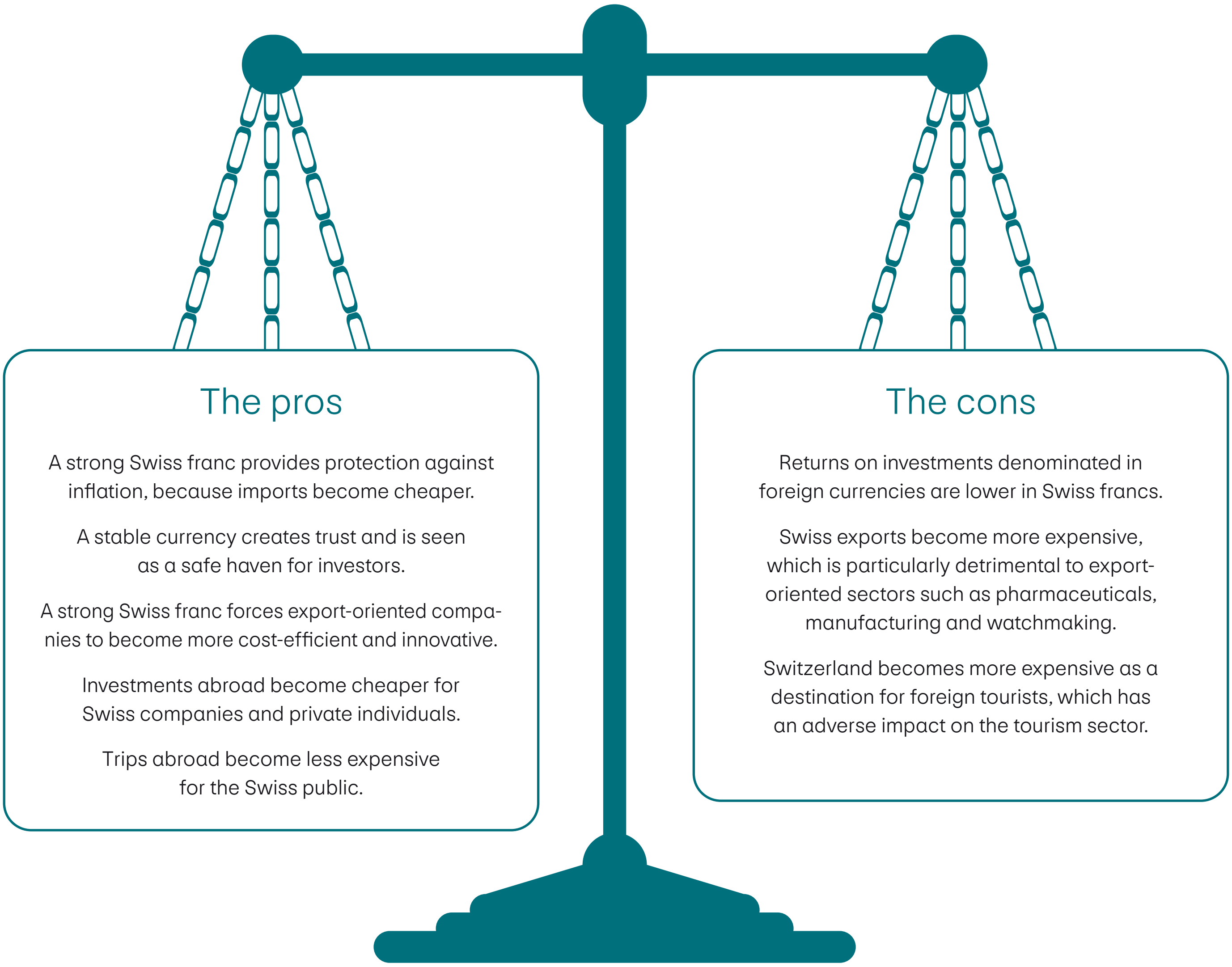
All 435 seats in the House of Representatives and 35 seats in the Senate will be up for re-election.

Clarity creates opportunities

With all of this in mind, we expect 2026 to provide answers. This clarity may be uncomfortable. But by understanding the risks, we can reduce the potential for losses and look for opportunities in a targeted manner. For this reason, we are starting 2026 with a reduced US equity allocation, as the downturn potential is high in both economic and valuation terms. In return, we have overweighted gold and are focusing on emerging market equities and bonds, which are benefiting from a weak US dollar. This approach, which is faithful to our long-term strategy but positions us specifically for the current environment, has proven successful and again led to above-average returns in 2025 compared to our competitors.

Prospects 2026

What are the pros and cons of a strong Swiss franc?



The pros

A strong Swiss franc provides protection against inflation, because imports become cheaper.

A stable currency creates trust and is seen as a safe haven for investors.

A strong Swiss franc forces export-oriented companies to become more cost-efficient and innovative.

Investments abroad become cheaper for Swiss companies and private individuals.

Trips abroad become less expensive for the Swiss public.

The cons

Returns on investments denominated in foreign currencies are lower in Swiss francs.

Swiss exports become more expensive, which is particularly detrimental to export-oriented sectors such as pharmaceuticals, manufacturing and watchmaking.

Switzerland becomes more expensive as a destination for foreign tourists, which has an adverse impact on the tourism sector.

Your question

Stock markets have repeatedly reached new all-time highs in 2025. Is this a sign that risks are rising?

Our answer

New record highs aren’t unusual on the financial markets. They occur when companies increase their profits, the economy becomes more productive and inflation causes nominal price levels to rise over time. It means all-time highs are not in themselves a sign of overheating.

Risks rise in particular if price increases are based primarily on higher expectations for the future rather than on average expected economic developments – for example, strong productivity gains from new technologies such as artificial intelligence. This is exactly what we’re currently seeing in parts of the markets: prices are in some cases reflecting expectations that have rarely been sustainable in the past. The key question, then, is how sustainable the development underlying the record high is.

Opportunities and risks

Prospects for 2026

2025 was an intense year on the financial markets. However, it wasn't so much short-term market movements that were decisive as developments that will shape the markets in the longer term. Many of these structural trends were either newly initiated or significantly reinforced. They will continue to grow in importance in the coming years and increasingly determine where economic and financial opportunities arise and where new risks emerge. In this issue, we take an in-depth look at four key developments.

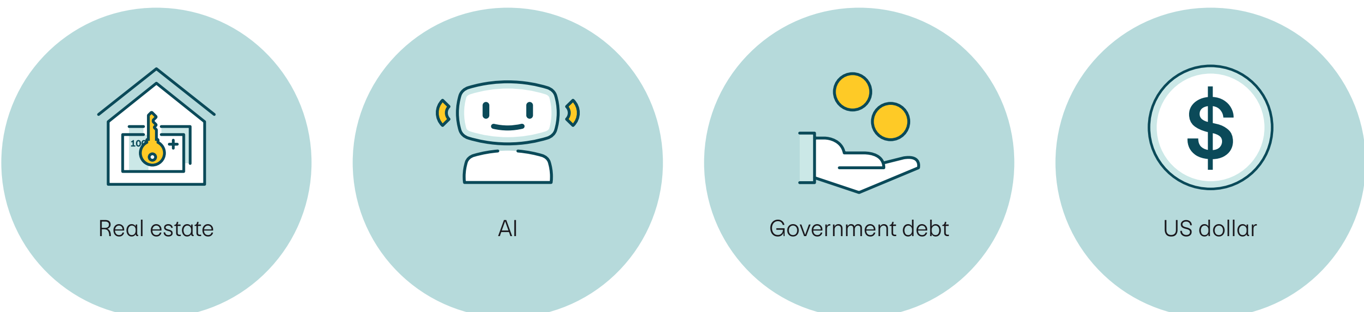
A major change of course took place in Switzerland with the abolition of rental value, as decided by the electorate. This will fundamentally change the conditions for home ownership. Because tax deductions for mortgage interest and renovations will also be abolished, incentives on the property market will shift noticeably. It is to be expected that mortgage debt will decline in the medium term, or at least no longer grow at the previous rate.

"Structural trends are growing in importance, shifting the compass for opportunities and risks on the financial markets."

The structural nature of AI developments is even more pronounced. The industry is moving gradually from abstract visions to concrete applications, which is also making the challenges more visible. It's becoming increasingly clear where real progress and productivity gains can be made and where expectations have so far been too high.

Global government debt also attracted greater attention in 2025. This is exemplified by the US, which recorded a massive budget deficit despite a robust economy and full employment. However, the USA doesn't seem to be the only place where balanced government finances are becoming the exception. This has substantial implications for government bonds – both for their interest rate levels and for their role in the financial system.

Finally, the US dollar has undergone a major change in 2025. The value of the global benchmark and reserve currency fell sharply in the first half of the year, which was particularly noticeable for portfolios diversified in foreign currencies. As this development is politically desirable to boost the competitiveness of US exports and reduce the trade deficit, there's plenty to suggest that this isn't just a short-term devaluation, but a longer-term trend.



Real estate

Rental value: the end of a controversial system

In autumn 2025, the Swiss electorate voted strongly in favour of abolishing rental value. This means a system that has shaped the tax landscape for decades will soon be a thing of the past. The reform will ease the burden on many households, but will also change the incentives on the real estate market.

Rental value has long been controversial and has repeatedly led to heated discussions. Owner-occupied households are credited with a notional income from the use of their own property, which they have to pay tax on. Following the clear popular vote result in autumn 2025, this practice is now being abolished. At the same time, however, tax deductions for debt interest and maintenance costs will also be eliminated. This will significantly shift the incentive structure in the property market.

Switzerland: a country of debt

The greatest impact will be on debt interest. Until now, mortgage interest has been deductible from taxable income. For example, anyone who paid 10,000 francs of mortgage interest per year could deduct this amount from their taxed income and save around 2,500 francs in taxes at a marginal rate of 25 percent. This reduced the effective interest burden and made high mortgage debt attractive, while the incentives for amortization remained weak.

Along with high real estate prices and lack of obligation to repay mortgages in full, this is one of the main reasons why Switzerland has the highest household debt-to-GDP ratio in the world, at around 125 percent of national income. The ratio is around 50 percent in Germany, 69 percent in the USA and 65 percent in Japan.

“The end of rental value changes the rules of the game for home ownership.”

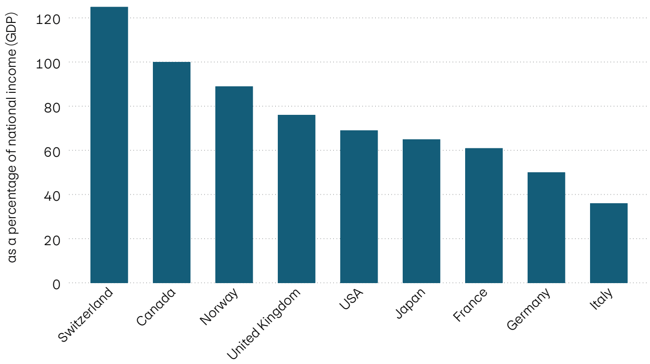
By eliminating the debt interest deduction, the reform has a similar effect to an interest rate increase. As things currently stand, a gradual decline or at least a slowdown in mortgage volume growth is to be expected. For some of those affected, the outcome may even be negative: if their previous debt interest deduction was higher than their rental value, their taxes will rise despite the abolition.

Not all homeowners are affected

The reform will also have a clear distributional impact. Households with high loan-to-value ratios will benefit little or even be worse off. In contrast, those whose property values are low or no longer mortgaged will receive a significant boost. For them, rental value will be completely eliminated, but they will lose hardly any tax deduction options. As a result, the tax relief will shift from financially weaker households, such as young families, to more affluent older groups. To cushion this shift, the reform provides for a temporary debt interest deduction for first-time buyers.

Private household debt as a share of national income

Switzerland is the world leader in private household debt.

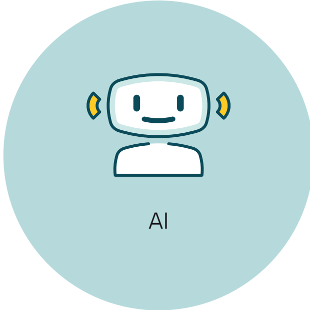


Source: IMF

The incentives for maintenance costs will also change. Up to now, expenditure on renovations and refurbishments has been tax-deductible. This has made it more attractive to maintain and renovate existing properties. Many owners are likely to carry out conversions and renovations earlier than planned before the reform comes into effect, while these costs are still deductible. After that, homeowners’ willingness to carry out such work is expected to decline. This would have consequences for the condition of older properties and for the labour-intensive construction industry, which would have to reckon with less demand.

The reform will come into force in 2028 at the earliest, and the consequences will gradually become apparent from that time on. The key will be how strongly the changes in debt and maintenance incentives actually take effect, and whether the temporary debt interest deduction for first-time buyers will sufficiently dampen redistribution. In the long term, lower household debt and a more robust mortgage system could strengthen the stability of the Swiss economy.

Artificial intelligence: from euphoria to implementation

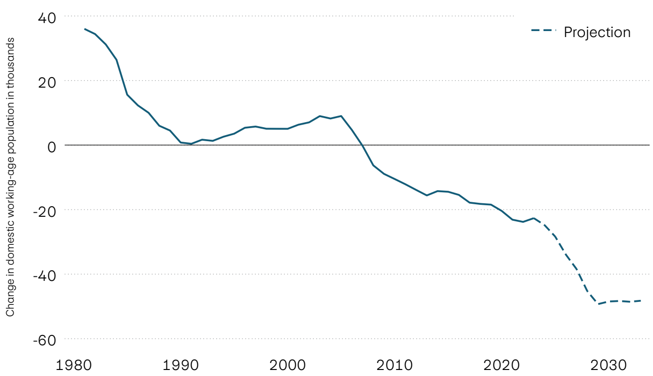


The initial euphoria over artificial intelligence is increasingly giving way to a more sober assessment. AI is changing the economy, but only gradually and painstakingly. The real challenge lies not in finding spectacular breakthroughs, but in putting them into practice in everyday business.

In most companies today, the focus is on improving efficiency when using artificial intelligence (AI). Repetitive tasks are being automated, texts created faster and customer queries answered more quickly. This focus on efficiency is having an impact, but it also has consequences. For example, Salesforce, an American CRM software provider, is replacing 4,000 customer service employees with AI systems. And Nestlé will cut 16,000 jobs over the next two years, mainly driven by automation.

Change in the development of the Swiss workforce

The domestic labour force is declining.



Source: Swiss National Bank (SNB)

AI: the remedy for the shortage of skilled workers?

At first glance, this development looks threatening, but that's only one side of the coin. Switzerland is also facing a huge labour shortage. The domestic labour force is already declining. Due to demographic trends, fewer young people are entering the labour market than leaving it. This trend will intensify in the next few years. According to a study by the Swiss National Bank, there is likely to be a shortage of around 400,000 workers in Switzerland over the next ten years. On top of this, average working hours per employee are continually falling. Against this backdrop, AI is proving to be a valuable tool to combat the skills shortage, rather than a job killer.

The hoped-for huge productivity increases have failed to materialize so far. According to the NANDA report from the USA, only 5 percent of all AI prototypes have achieved a positive gain in efficiency to date. However, this isn't a surprise. After all, history tells us to be patient. Even after the introduction of computers and the Internet, it took years, or in some cases decades, for their productivity effects to appear in economic data. New technologies need time to have an impact.

Challenges in implementation

One reason for the delay is that companies initially focus on the obvious. Efficiency improvements are relatively easy to implement and yield measurable results quickly. However, the real potential of AI – unlocking completely new business models and sources of income – requires time, resources and a willingness to fundamentally rethink existing structures. There's often little room for this in day-to-day business.

There are also practical challenges. Given the lack of suitable in-house solutions, many employees use private AI tools, which entail data protection risks. A study by management consultancy EY shows that 72 percent of European SMEs have not addressed the requirements of the EU AI Act in detail and are therefore not yet fully ready to comply with the new legal framework. The strategic dependence on US cloud and chip suppliers poses another risk. Although initial responses are emerging, such as the Swiss language model Apertus, these initiatives take time.

“The initial AI hype is over. It'll take a long time to move from initial breakthroughs to widespread use.”

For investors, the AI revolution will come, but only gradually. The transformation won't be brought about by one major breakthrough, but by continuous learning and incremental integration. It's difficult to predict today which companies will be among the winners. The starting positions, strategies and implementation capabilities of individual companies are too different. It means broad diversification across sectors and regions remains the most sensible way to participate in the long-term potential of AI without having to bet on individual investments.

Global government debt: what does the future hold for government bonds?

The relationship between financial markets and government bonds is ambivalent. Government bonds are an important asset class. However, excessive government debt poses risks in relation to rising inflation and the stability of the banking sector.

Government bonds account for around a quarter of all exchange-traded securities. They are particularly popular with pension funds and insurers, but they are also attractive to banks and central banks, because they are considered safe. It has been a long time since a major debtor actually went bankrupt. Countries with their own central banks can provide the money directly or indirectly to the state in an emergency to service or repay debts.

> "US government debt is a time bomb for the financial markets."

However, this view overlooks the fact that investors still face risks, even when government debt is serviced. For example, uncontrolled expansion of the money supply is usually the reason for rising inflation and currency devaluation. Investors may get their money back, but it will be worth less after the central banks intervene.

Are low interest rates coming to an end?
Before this happens, however, investors face problems in other areas. If government debt rises sharply and is at risk of becoming excessive, new investors usually demand higher interest rates for bonds, as the risk of inflation or currency depreciation increases.

This can quickly create a vicious circle. Rising interest rates lead to a loss in value for existing investors. And higher interest rates also mean that governments' debt servicing increases as they issue new bonds. This results in rising budget deficits and, in turn, to further increases in debt.

For this reason, investors and economists pay close attention to whether a country's debt remains stable or whether it begins to rise as a measure of taxable national income. This is precisely where we've seen the situation deteriorate significantly in recent years. Of the major industrialized nations, only Switzerland and Japan currently have falling debt ratios.

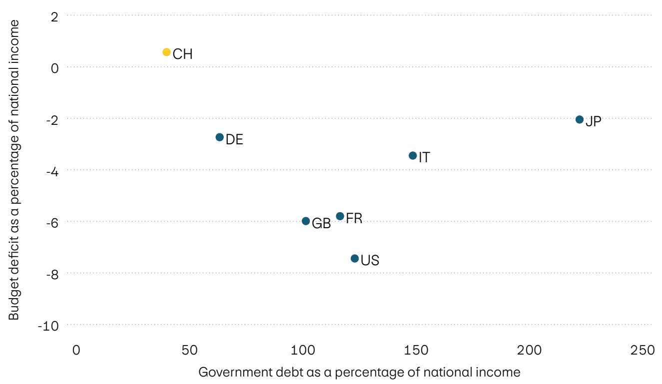
Concerns about the USA
The trend in the USA, the world's largest debtor, is particularly worrying. America exceeded the eurozone's debt-to-GDP ratio for the first time in 2018. While Europe's ratio has since fallen by nearly 10 percentage points, to 95 percent, the USA has added a huge 20 percentage points, reaching a current figure of 125 percent of national income.

The situation looks even more ominous when we consider that the US budget deficit in 2025 stands at 7.5 percent of national income, despite a strong economy and full employment. This means that America's debt ratio will continue to rise significantly.

Financial markets have already responded to this deterioration in the USA's creditworthiness. The dollar depreciated significantly in 2025, and the real interest rates that the USA pays on inflation-protected bonds are now as much as 3 percentage points higher than they were three years ago.

Budget deficits and government debt

Countries with large deficits and debt ratios above 100 percent are at risk.



Quelle: OECD

This poses substantial risks – and not just for the US economy. Ultimately, the global financial system is based on the liquidity of US government bonds. A crisis of confidence would have the potential to cause global upheaval.

The US dollar as a strategic factor

US dollar

Since the 2008 financial crisis, the US dollar has appreciated significantly against most world currencies (apart from the Swiss franc). This strength made US stocks doubly attractive to international investors, as they benefited not only from market performance, but also from currency tailwinds. However, the course of 2025 indicates a clear trend reversal.

The final phase of appreciation began after Trump's re-election in November 2024, and in early 2025, the dollar reached virtually its highest level since the financial crisis on a trade-weighted basis. Since Trump took office in January, however, the dollar has lost significant value, falling by as much as 10 percent on a trade-weighted basis in the first half of the year. The currency only stabilized somewhat in the second half of the year.

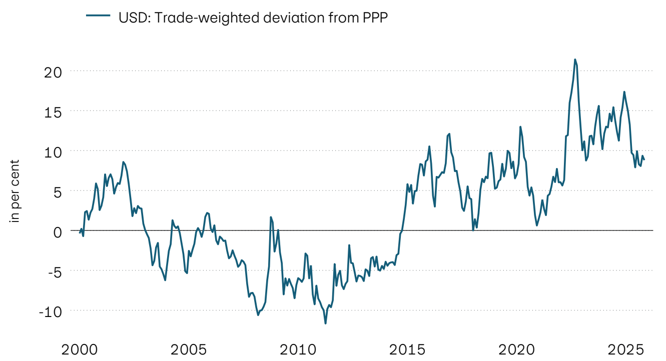
"The exchange rate shouldn't be forgotten when considering returns on unhedged investments. In 2025, it has thrown a spanner in the works for some Swiss franc investors."

Valuation level and political influences
There are several reasons for the US dollar's depreciation. A major factor was certainly its previous significant overvaluation. At the start of the year, the dollar was trading well above its fair value based on purchasing power parity (PPP). PPP states that a comparable basket of goods in different countries, converted into the same currency, should cost approximately the same in the long term. Although exchange rates may deviate significantly from this equilibrium in the short term, this balancing mechanism is remarkably reliable over longer periods.

The change in the USA's political orientation has also played a role. This year, it became clear that economic and trade policy under President Trump would become more protectionist and geared towards short-term benefits for domestic industry. There has been a shift away from the rules-based order towards the law of the jungle, which has also undermined confidence in the USA. A weaker dollar will help to improve the competitiveness of US exports and reduce the trade deficit – a major concern for Trump. Political intervention and verbal attacks on institutions, such as the independence of the country's central bank, reinforced the impression that a weakening of the dollar was not only accepted but even politically desirable.

The currency effect on portfolio returns
Exchange rates are a component of international investment returns that shouldn't be ignored, a fact that became clear in 2025. Although the US stock market recorded an increase of around 17 percent in 2025, Swiss franc investors only saw a small portion of this in their portfolios. The sharp decline in the dollar neutralized a significant proportion of equity gains. This trend highlights the importance of the currency component for global portfolios and how strongly it can distort effective investment returns – both positively and negatively. To mitigate the negative impact, we hedge a portion of the foreign currencies in our portfolios with a "Switzerland" focus, an approach that proved particularly effective in 2025.

Deviation of the trade-weighted US dollar from the purchasing power parity estimate
The graph shows the deviation of the trade-weighted US dollar from the estimate based on purchasing power parity. A positive value indicates an overvaluation of the US dollar, while a negative value indicates an undervaluation.



Source: Bloomberg

Outlook
After last year's fall in value, the US dollar is now close to its fair value against the Swiss franc and the euro. However, it remains overvalued on a trade-weighted basis and against many emerging market currencies. Both valuation and political ambition are probably contributing to the fact that the US dollar is still trending downwards. A further decline in the dollar is likely to continue impacting on globally oriented portfolios. Investments in emerging markets in particular could enjoy additional tailwinds in this environment. Previous experience and the past year have shown that emerging market investments benefit from a weak US dollar.

Security is an important commodity. However, there is no such thing as absolute security, and the future belongs to those who have the courage to shape it actively.

We are living in times of profound change. Geopolitics, the global economy and business are moving away from patterns that were long considered reliable. No wonder we long for security.

But security – in the sense of everything staying the same – has never existed. Progress requires courage, foresight and a willingness to change. Standing still may be reassuring in the short term, but it is rarely rewarded in the long term.

Philipp Merkt
Chief Investment Officer

PostFinance market view: Publications and videos

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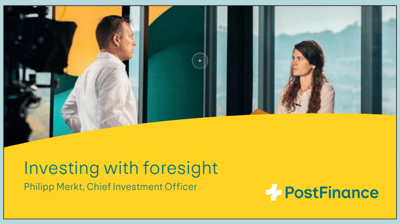
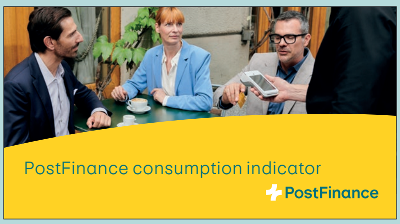
"Investing with foresight" short video



Investment compass

PostFinance consumption indicator



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