

Portfolio

April 2026

Market overview and positioning

The blockade of the Strait of Hormuz continues. The conflict with Iran is dragging on. The result is growing worries about growth. Nevertheless, equity investments retain a high weighting in the portfolio – even on a tactical basis. We see opportunities in US equities and Swiss yield stocks. What matters is being selective.

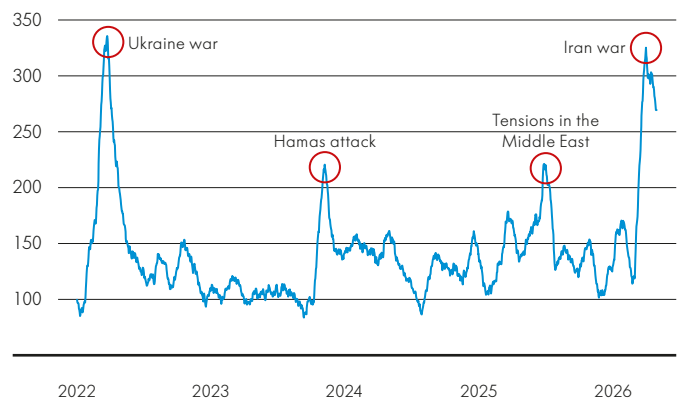
The Iran conflict is driving the oil price

Geopolitical risks in the Middle East are dominating the global economic environment right now. The geopolitical risk indicators (see chart) continue to signal a high level of uncertainty, albeit less than before the ceasefire. There is still no viable solution in sight. As long as the sea blockade continues, the price of oil will not come down permanently. In recent days, low visibility has pushed the price of Brent crude up to around USD 110 per barrel. What matters is not so much the current price as the issue of how long the supply interruptions will continue. And is the laid back attitude of equity investors an expression of confidence or complacency?

Brake on the global economy

The current shock to energy prices is likely to put economic growth slightly below trend and increase inflation. For the United States, the pressures are moderate; Europe and parts of Asia are more exposed. There are indications of a gradual de-escalation: the US military objectives have largely been achieved. The US administration also does not want a prolonged military operation. China is pushing for calm, and Iran needs money from oil sales. Even if the naval blockade ends, it will take a while for supplies to be fully restored to normal. Our baseline scenario therefore remains a slowdown in global economic growth, but not a recession.

Geopolitical risk indicator (GRI)



Source: Zuger Kantonalbank, Bloomberg LP / / DL, GPR



“The war in the Middle East has only flustered the equity markets in the short term. Continued high profit forecasts and solid corporate earnings reports supported the market. The longer the conflict lasts, the stronger the focus is likely to be on concerns over growth.”

Alex Müller, Chief Investment Officer

Wir begleiten Sie im Leben.

Market overview and positioning

Central bankers cautious

At his last meeting as chair of the Fed, Jerome Powell left the benchmark rate as expected in the range of 3.5%–3.75%. Given the rise in energy prices and inflationary risks, the Fed reiterated its wait-and-see, data-driven stance and signalled little scope for rate cuts in the short term. Quite the opposite, in fact: for the short term, market expectations have now readjusted towards a rather restrictive environment for monetary policy. Meanwhile, Kevin Warsh received the necessary support in the Senate Banking Committee, with his formal confirmation as new Fed chair expected in mid-May. This important issue of succession should now be settled.

Equities better than bonds

As things stand, we see equities as the better choice over bonds. Capital invested in productive companies offers the best long-term protection against loss of purchasing power and political uncertainty. Since our last publication, we have made a number of adjustments within the equity weighting, primarily in response to the new geopolitical risks, particularly in the Middle East. The new regional allocation is cautious on European stocks. Low growth, high energy dependence and political fragmentation make the old continent vulnerable to setbacks.



"US tech stocks are hitting their forecasts. They will likely continue to do so. We still recommend an overweighting in US equities and have further expanded this position. Swiss yield stocks make a sensible addition."

Alex Müller, Chief Investment Officer

US equities well placed

We are more positive on US equities: the economy continues to grow at around 2%, supported by productivity gains and the unprecedented expansion of digital infrastructure by tech groups. This is a supportive environment for solid corporate earnings, backing up our clear regional focus. The valuation of the US equity market has moderated thanks to the tentative price rises seen in recent months. However, corporate earnings forecasts have risen since the beginning of the year, despite the war with Iran. Tech, commodities and energy are the stand-out sector leaders. The current reporting season has got off to a good start and has so far met expectations.

Swiss yield stocks enticing

However, the uncertain geopolitical situation suggests a balanced equity allocation. This puts the focus on Swiss yield stocks as a defensive complement to the US equity market. Yield stocks have always been a key building block in defensive portfolios. The Swiss equity market has plenty to offer in this regard. The dividend yield of the Swiss Performance Index is currently around 3%. By contrast, ten-year Swiss government bonds yield only around 0.4%. Dividends are a substantial source of current income. They also offer a significant yield pick-up over nominally secure investments – especially for those with a long-term orientation. Current income reduces reliance on price gains and stabilises a portfolio in periods of heightened uncertainty. Historically, a significant proportion of the long-term return on equities has come from dividend income. This had become less apparent over recent years, but is now clearly visible once again.

Long-term performance and reliability

Dividend-oriented strategies also look good over longer periods. Over the past ten years, a Swiss dividend strategy has generated an average total return of more than 10% per annum. The overall market achieved a return of around 8.3%. At the same time, the fluctuations in value were less pronounced: a dividend strategy lost around 10% in 2022, while the overall market lost more than 16%. As average earnings growth of just under 10% is expected for the Swiss equity market in 2026, the average dividend per share is likely to rise again in the coming year.

What does this mean for investors?

Equities: focus on reporting season

Our fundamental preference for Swiss and US equities is based on the assessment above. Over the coming weeks investors will be following the corporate reporting season closely. In the United States it has gotten off to a good start. Meanwhile, many companies in Europe are also releasing their latest figures.

Careful with Europe

There has been little fundamental change to the environment for European stocks, although a few risks have grown more serious. Equity market valuations are fair, but offer little room for disappointment. At the same time, profit expectations for 2026, and the second half in particular, are ambitious. Looming over all this is the unresolved Iran conflict. This is driving up input costs and placing pressure on margins in cyclical sectors; it is also holding back economic momentum. The result is an increased risk of cuts to earnings forecasts. It therefore seems appropriate to take a cautious stance on European stocks.

Stability over returns

Although bonds remain a stabilising building block in the portfolio, their return potential is limited. Government and corporate bonds in Swiss francs are moderately attractive, but global government bonds are not very enticing due to the high hedging costs. In corporate credit, risk premiums are low and leave little scope for disappointment. High-yield bonds remain attractive due to their current income, but careful selection is required.

Solid foundations

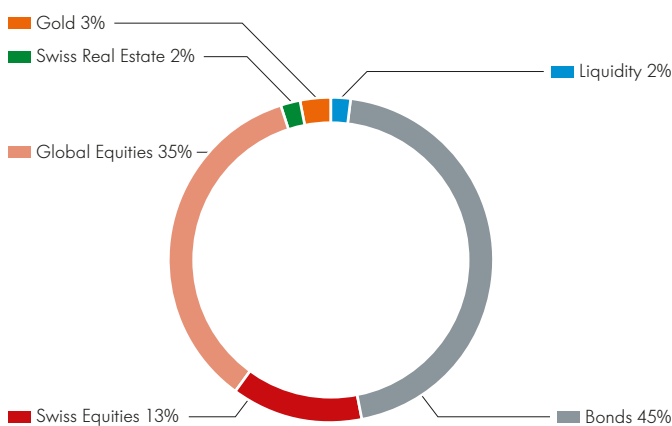
Swiss real estate recovered quickly from the sell-off in the first few days of the war. It will likely continue to benefit from the current low-interest rate environment and the lack of investment alternatives. Gold remains a strategic anchor in the portfolio. The gold price is likely to show increasing volatility in the weeks ahead, torn between rising interest rates and an uncertain outlook for inflation.

Invest patiently

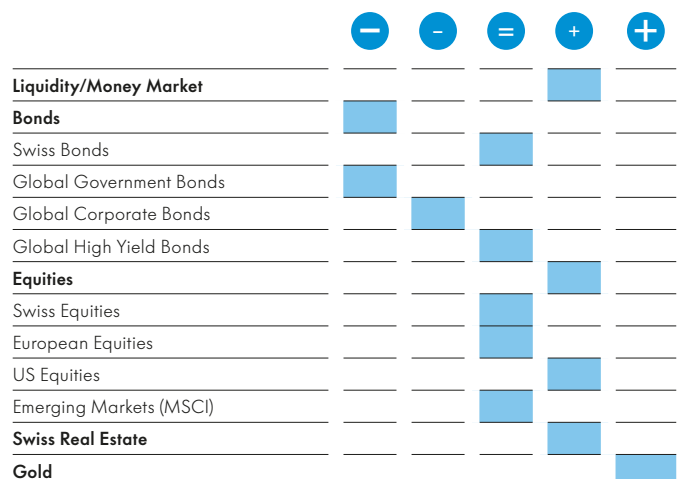
Events in the Middle East will shape the foreseeable future. A reopening of the Strait of Hormuz should boost European stocks. If it remains closed, the pressure on the oil price will continue. That will leave markets worrying about growth and inflation. Either way, there is little to say in favour of bonds.

Equities therefore remain the preferred asset class. Our focus is on US equities and Swiss yield stocks. In addition, gold and Swiss real estate remain key pillars in a balanced portfolio. But the most important thing for investors is to be patient: when the geopolitical situation is volatile, short-term timing is less important. What really matters is having a solid strategy, picking the regions that will do well and staying fully invested.

Strategic positioning (based on balanced mandate)



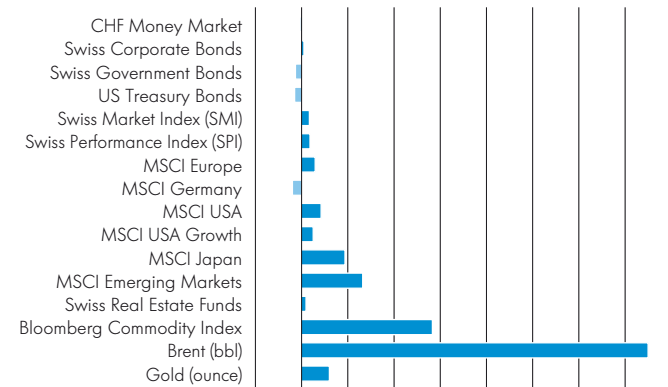
Tactical positioning



Market data (exchanges & markets)

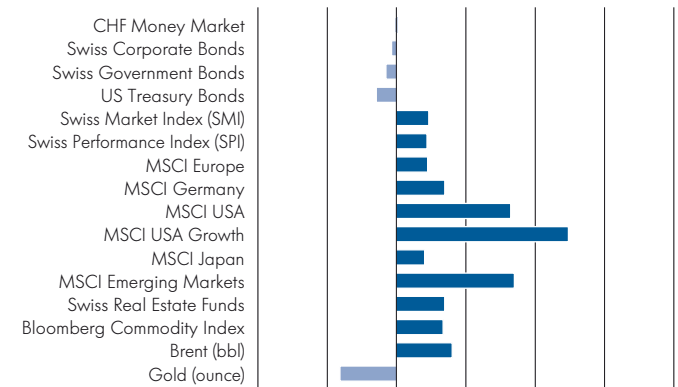
Asset class returns (in CHF)

Year-to-Date (as at 30.04.2026)



Asset class returns (in CHF)

Last month (rolling as at 30.04.2026)



Currency returns



Currency returns



in percent

-10 0 10 20 30 40 50 60 70 80

in percent

-10 -5 0 5 10 15 20

SMI Swiss Equities (Year-to-Date as at 30.04.2026)

ABB 34.4% / CHF 78.44	Swisscom 19.4% / CHF 661.5	Novartis 9% / CHF 115.9	Kühne&Nagel 6.7% / CHF 182.7	Nestle 4.5% / CHF 79.05
Swiss Life 0% / CHF 916.8	Roche 0% / CHF 318.4	Swiss Re -0.5% / CHF 125.95	Amrize -1.1% / CHF 42.76	UBS -4.3% / CHF 34.5
Zurich -4.6% / CHF 543.8	Logitech -5.9% / CHF 76.74	Holcim -6.8% / CHF 72.48	Alcon -8% / CHF 58.22	Givaudan -9% / CHF 2785
Sika -9.1% / CHF 143.7	Lonza -10.9% / CHF 479.2	Geberit -12.8% / CHF 527.2	Partners Group -13.7% / CHF 848	Richemont -13.7% / CHF 148.5

Do you have any questions or thoughts on the current portfolio?

Contact us by email (alex.mueller@zugerkb.ch) or call us on 041 709 11 11.

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