

# Portfolio

June 2026

## Market overview and positioning

**Easing tensions in the Middle East are providing relief for energy prices and curbing inflation. We are raising the equity allocation and increasing our holdings of Swiss stocks. Comparatively high costs have prompted us to hedge the US dollar slightly less than before. We remain cautious when it comes to bond investments.**

### Oil prices are easing

Tensions have eased in the Middle East. Transit traffic through the Strait of Hormuz has picked back up and the price of Brent crude oil has fallen to around USD 72 per barrel. This has defused a significant risk factor for rising inflation. Lower energy prices are easing the burden on households and companies, leaving more money for private consumption and boosting corporate profits. At the same time, expectations are waning that central banks will respond swiftly to rising energy prices. The situation has not returned to normal, however, as transport routes remain vulnerable to disruptions. Parts of the energy infrastructure are damaged, and stabilising international supply chains takes time.

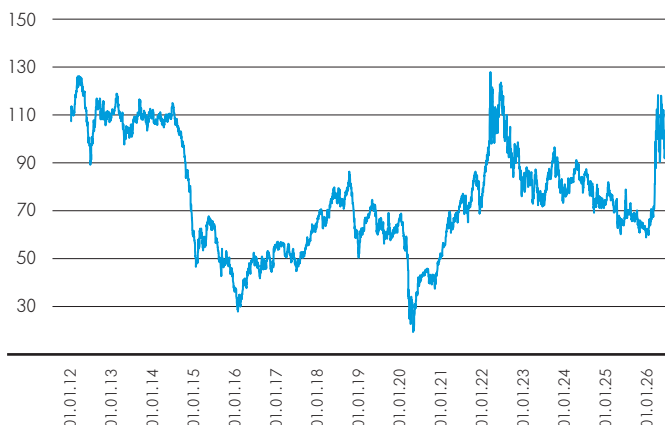
### Still too early to sound the all-clear

The easing of tensions on the energy market is an important step towards a return to normality. For investors, the crucial question is whether inflation and inflation expectations will remain calm in the long term. It will take time to ramp production back up again. As long as the increase in supply remains limited, oil prices are likely to include a higher risk premium. New geopolitical tensions can trigger price jumps at any time. In the medium term, however, we expect price pressure to ease. Given favourable conditions, additional exports from Iran – and also from Venezuela in the longer term – will ease the market and reduce risk premiums.

### Monetary policy remains cautious

Central banks are responding differently to the changed environment. In June, the European Central Bank (ECB) raised its deposit rate by 25 basis points to 2.25 percent, reflecting its focus on price stability. The US Federal Reserve, however, left its benchmark rate unchanged and signalled a data-driven stance. The focus is on the Federal Reserve's credibility under its new chairman Kevin Warsh. The Swiss National Bank (SNB) likewise indicated no need for action in its latest assessment of the situation and left the policy rate at 0%. Overall, the current environment is conducive to neither rapid, substantial interest rate cuts nor to further noticeable interest rate hikes.

Oil price (Brent) in US dollars



Source: Zuger Kantonalbank, Bloomberg DL

## Market overview and positioning

### Stabilisation slow in Europe

Leading indicators show the first signs of stabilisation in Europe. The level is slightly below the growth threshold, however, and momentum is weak. On a positive note, price pressure is easing and companies are gaining some confidence. To achieve sustainable increases in both growth and corporate profits, however, these signals are not enough.

### Switzerland is in good shape

Compared to other countries, Switzerland stands on solid footing. Adjusted for major sporting events, the country's gross domestic product grew by 0.4% in the first quarter. Inflation is low at 0.6%. Moderate real wage growth and a stable service sector are likely to stimulate consumption somewhat over the remainder of the year.



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Alexander Hunziker  
Interim Chief Investment Officer

### Stocks still preferred

The fundamental environment for stocks looks promising. Corporate earnings development remains solid, and analysts' earnings forecasts for the next twelve months are well above the previous year's level. We consider robust earnings growth to be the most important driver behind rising equity markets and think it justifies a higher equity allocation. With expectations that high, short-term setbacks can occur at any time. They are more likely to represent buying opportunities, however, than signal a change in trend.

### Attractiveness of Swiss stocks on the rise

Recent price movements show just how sensitive highly valued technology stocks are to changes in interest rates and earnings forecasts. At the same time, we are seeing an increasing rotation into more defensive market segments such as healthcare and consumer staples.

This will also benefit the Swiss equity market. Swiss stocks offer more defensive business models, lower energy dependence and high pricing power. The market's valuation is only slightly above its long-term average, while earnings expectations are continuing to rise. For investors, this suggests a balanced positioning with a focus on high quality companies, stable cash flows and regional diversification. Accordingly, we have recently continued to increase our holdings of Swiss stocks.

### US stocks remain pivotal

The US remains our preferred equity region. There, profit growth continues to exceed the international average due to the enormous AI-driven investment cycle, a high level of innovation and robust profit margins. We consider the earnings outlook for the US equity market attractive. The high interest rate differential makes the cost of currency hedging for US stocks significant, however, which is diminishing the earnings potential. We are therefore reducing the portion of the US equity allocation that is hedged against currency fluctuations. This will increase the weighting of unhedged US stocks in the portfolio.

### Europe remains neutrally weighted

European stocks are attractive due to their lower valuations. They could benefit from a gradual economic recovery. At the same time, energy price developments are having a stronger impact on the European economy. Corporate earnings are less dynamic than in the US. Taken as a whole, these factors currently justify a neutral weighting.

# What does this mean for investors?

## Bonds: Stability with limited income

Bonds are continuing to fulfil their vital role as stabilisers in the portfolio. We only see a few indicators for significantly falling capital market interest rates at present. The economy is robust overall. Although inflationary pressure has subsided, it remains above central bank targets in many places and we expect more restrictive monetary policies around the world as a result. The interest rate cuts that had still been expected in the US just a few weeks ago will probably only come at a later date. In the eurozone, the fall in energy prices has reduced inflationary pressure. As further interest rate hikes are unlikely to be up for debate at the moment, we expect merely limited price potential for government bonds. In the bonds asset class, we prefer quality over additional interest rate risk. Within the bond market, we prefer high-quality Swiss franc bonds that not only have high credit ratings but also require no currency hedging.

## Corporate bonds require selectivity

Corporate bonds with high credit ratings remain interesting due to their attractive current yields. Risk premiums, however, are at a historic low and offer only limited protection if the economic environment deteriorates. Although high-yield bonds continue to offer attractive returns, the risk premiums make careful stock selection essential.

## Real estate and gold as sensible additions

The low interest rate environment and good market conditions support Swiss real estate. The distribution yield remains attractive compared to Swiss franc bonds, even

though premiums are already high. Gold is under pressure in the short term after an easing of tensions on the energy market. Strategically, however, the precious metal remains an important component for diversification. We have recently reduced our position slightly as we see only limited upside potential in the short term.



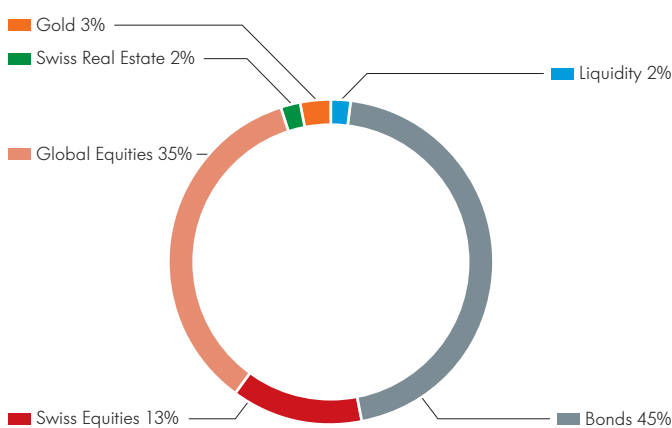
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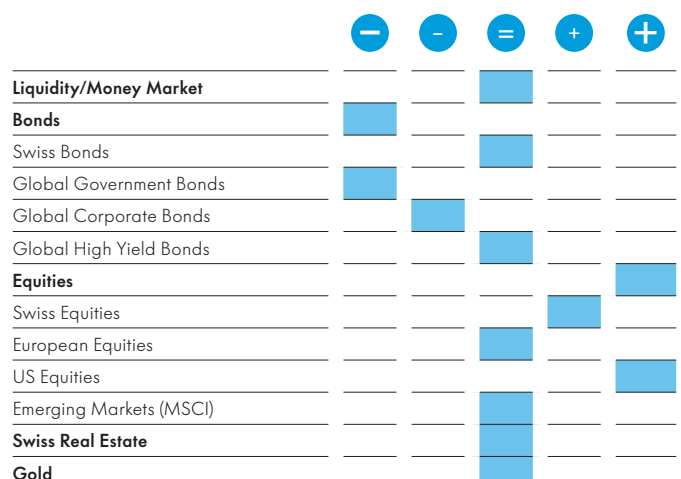
## Balanced portfolio positioning

The easing of tensions on the energy market has significantly reduced the risk of a renewed inflation shock. In this environment, we continue to see opportunities on the equity markets and prefer high-quality companies. We just recently increased our holdings of Swiss stocks at the expense of liquidity and gold. Within the US equity allocation, we have removed a portion of the currency hedge. We expect bonds to offer only limited potential for price gains and are focusing on high quality. Overall, the current market environment favours a balanced asset allocation with a focus on diversification and selective equity risks.

Strategic positioning (based on balanced mandate)



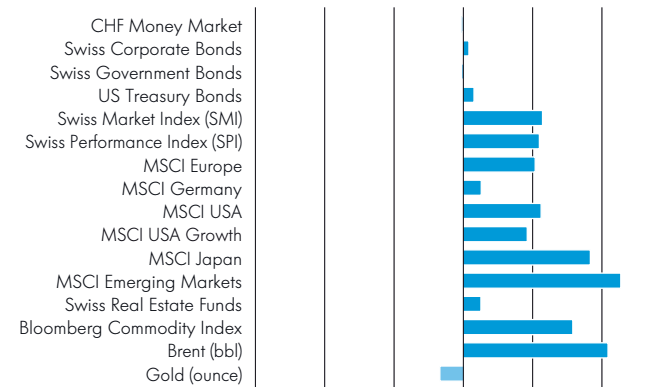
Tactical positioning



# Market data (exchanges & markets)

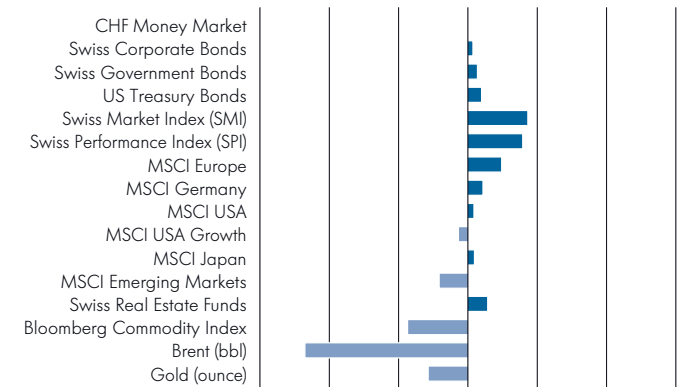
## Asset class returns (in CHF)

Year-to-Date (as at 02.07.2026)



## Asset class returns (in CHF)

Last month (rolling as at 02.07.2026)



## Currency returns



## Currency returns



in percent

-30 -20 -10 0 10 20 30

in percent

-30 -20 -10 0 10 20 30

## SMI Swiss Equities (Year-to-Date as at 03.07.2026)

<b>ABB</b> 49.7% / CHF 87.38	<b>Kühne&amp;Nagel</b> 26.3% / CHF 209	<b>Novartis</b> 20.3% / CHF 127.92	<b>Givaudan</b> 14.6% / CHF 3507	<b>UBS</b> 14.3% / CHF 41.19
<b>Nestle</b> 11.8% / CHF 84.55	<b>Swisscom</b> 10.7% / CHF 613	<b>Sika</b> 10.5% / CHF 174.65	<b>Lonza</b> 7.9% / CHF 574.2	<b>Richemont</b> 7.1% / CHF 184.2
<b>Roche</b> 7% / CHF 340.6	<b>Zurich</b> 6.6% / CHF 607.6	<b>Swiss Life</b> 2.9% / CHF 904.4	<b>Swiss Re</b> 2.5% / CHF 129.7	<b>Holcim</b> 1.4% / CHF 77.02
<b>Amrize</b> 0.1% / CHF 43.17	<b>Logitech</b> -5.1% / CHF 77.38	<b>Geberit</b> -10.1% / CHF 544	<b>Alcon</b> -12.6% / CHF 55.04	<b>Partners Group</b> -27.2% / CHF 678.2

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

Contact us by email ([alexander.hunziker@zugerkb.ch](mailto:alexander.hunziker@zugerkb.ch)) or call us on 041 709 11 11.

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Source: Zuger Kantonalbank, Bloomberg L.P., MSCI Inc., SIX Index AG

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