Zuger Kantonalbank



Portfolio

November 2026

A positive outlook for equities

Market overview and positioning

CIO VIEW AND HOUSE VIEW

Robust earnings support stock markets

Despite high interest rates and geopolitical risks, the global economy is proving resilient, with the US in particular demonstrating strong growth. Solid consumption and major investments in AI, data centres and digital infrastructure are boosting demand. Europe and Switzerland are also gaining economic momentum. Robust growth and rising corporate earnings remain the key drivers of equity markets.

The US midterm elections have changed the balance of power in Washington. Political uncertainty is not waning; it is shifting.

Meanwhile, global inflation remains at an elevated level. The latest US inflation data exceeded expectations, coming in well above the 2% target. Although the Fed and ECB have recently paused their interest rate hikes, the cycle is likely not over yet. Against a backdrop of elevated government spending and inflation, long-term interest rates in the US and the eurozone are close to their multi-year highs. While Swiss franc interest rates have largely decoupled themselves from this development so far, the robust economy means that the SNB is nevertheless likely to step away from its zero-interest-rate policy in the medium term.

Against this backdrop, the latest correction in the technology sector represents an adjustment to the lofty expectations surrounding rapid monetisation and strong growth. Data centres' enor-

THE MOST IMPORTANT POINTS AT A GLANCE

- **Economic situation:** The global economy remains robust. The US in particular is benefiting from solid consumption and high levels of investment.
- **US midterms:** Democrats' victory at the polls will put limits on President Trump's domestic policy. He is still capable of taking action on foreign and trade policy.
- **Inflation:** US inflation exceeds expectations. Price pressure continues.
- **Central banks:** Further interest rate hikes are likely. Long-term US interest rates are close to 5%.
- **Positioning:** Stocks remain overweight, with a focus on the US and Switzerland. When it comes to bonds, we remain cautious.



The economic backdrop remains robust. Earnings growth remains the key driver of equity markets.

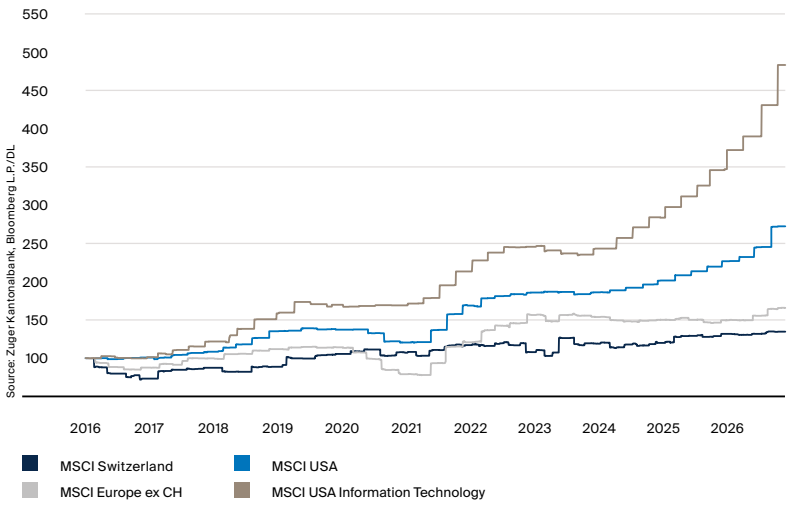
Alexander Hunziker, Chief Investment Officer

ABOUT THE AUTHOR

Alexander Hunziker is the Chief Investment Officer at Zuger Kantonalbank. He is responsible for the investment strategy, portfolio positioning, investment products and financial market assessments. He has more than 18 years of experience in international capital markets.

mous capital requirements are increasingly being financed by debt, thus heightening the sector's interest rate sensitivity. That changes nothing in terms of the structural potential of artificial intelligence, however. Infrastructure expansion projects are already giving the economy a boost. Widespread productivity gains are only likely to become apparent in the years to come and could strengthen growth and margins even further.

Earnings per share (rolling 12-month; indexed)



Source: Zuger Kantonalbank, Bloomberg L.P./DL

Our house view:
The environment is favourable for stocks.
Our stance therefore remains constructive. The correction does not change our fundamental outlook on equity markets. We are maintaining our overweight position in stocks, with a clear focus on the US and Switzerland. We remain cautious about bonds.

MARKET ANALYSIS

Five themes shape the environment

US economy remains strong
The US economy is still driving global growth. Annualised growth rose from 2.2% to 3.4% in the third quarter. Alongside consumer spending, strong business investment is supporting economic growth. Smaller companies performed positively as well, pointing to broader-based economic momentum.

US midterm elections change Washington
Democrats will control both chambers of Congress come January, making it much more difficult for President Trump to carry out his domestic policy agenda. His powers in foreign and trade policy remain unchanged. Stricter data centre regulations could delay specific projects.

Elevated inflation
US inflation was higher than expected in October. Core inflation exceeded expectations as well. In Europe, high energy prices continue to underpin price pressure, while inflation in Switzerland is significantly lower.

Central banks still under pressure
Following the recent pause, the Fed and ECB are likely to resume raising rates as early as December. We also expect the SNB to move away from its zero-interest-rate policy in light of the robust economy. Whether this happens as early as December or not until March remains uncertain, though we are leaning towards March.

AI sector correction
Technology and semiconductor stocks came under heavy pressure in early November as rising CapEx and growing levels of debt fuelled concerns about near-term profitability. European and Swiss stocks remained relatively stable.

Tactical Allocation	−−	−	=	+	++
Liquidity/Money Market				■	
Bonds	■				
Swiss Bonds			■		
Global Government Bonds	■				
Global Corporate Bonds		■			
Global High Yield Bonds			■		
Equities					■
Swiss Equities				■	
European Equities			■		
US Equities				■	
Emerging Markets Equities			■		
Swiss real estate			■		
Gold			■		

Source: Zuger Kantonalbank

IMPLICATIONS FOR PORTFOLIOS

What this means for positioning

The backdrop for stocks remains constructive, as markets are supported by a robust global economy and rising corporate earnings. At the same time, the correction has shown that high valuations and rising financing costs lead to greater volatility. This makes selectivity all the more important.

US stocks are still our largest positive tactical position, as the strong investment cycle supports both the economy and earnings. At the same time, this effect is becoming more widespread, benefiting not only large tech companies, but also the energy supply, grid infrastructure and industrial equipment suppliers. The next catalyst is likely to come from AI adoption and the corresponding productivity gains.

We continue to maintain an overweight position in Swiss stocks. The market combines defensive business models and solid balance sheets with companies that are benefiting from the US expansion of its power and data centre infrastructure. For European equities, we remain neutral: while the economy is recovering, higher energy prices and political risks are limiting the upside.

We remain cautious about bonds. Higher inflation, the expectation of further interest rate hikes, major government deficits and brisk issuance activity argue against increasing interest rate risks. For Swiss investors, hedging costs also diminish the return on foreign currency bonds.

MARKET DATA AND IN-DEPTH INFORMATION

AI boom meets political uncertainty

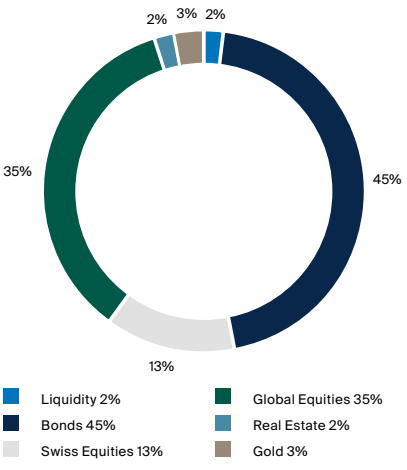
The AI sector experienced a major correction at the start of November. Amid growing doubts about the profitability of massive AI investments, the US midterms added yet another layer of uncertainty. The political power shift, especially at state level, increases the likelihood of stricter data centre regulations. The markets showed heightened sensitivity to the question of whether large-scale AI infrastructure expansion could continue at the current pace.

Meanwhile, major tech companies have accelerated their investment spending. Data centre construction requires enormous resources for semiconductors, the power supply and grid infrastructure, with rising amounts of debt heightening sensitivity to interest rate changes and regulatory intervention.

In our view, however, this correction does not challenge the structural argument surrounding AI. Once the infrastructure has been built, AI is likely to fundamentally change work processes, business models and entire industries in the years to come. Building the infrastructure is just the first phase. As AI adoption increases, the focus is likely to shift to broad-based productivity gains, lower costs and new revenue streams.

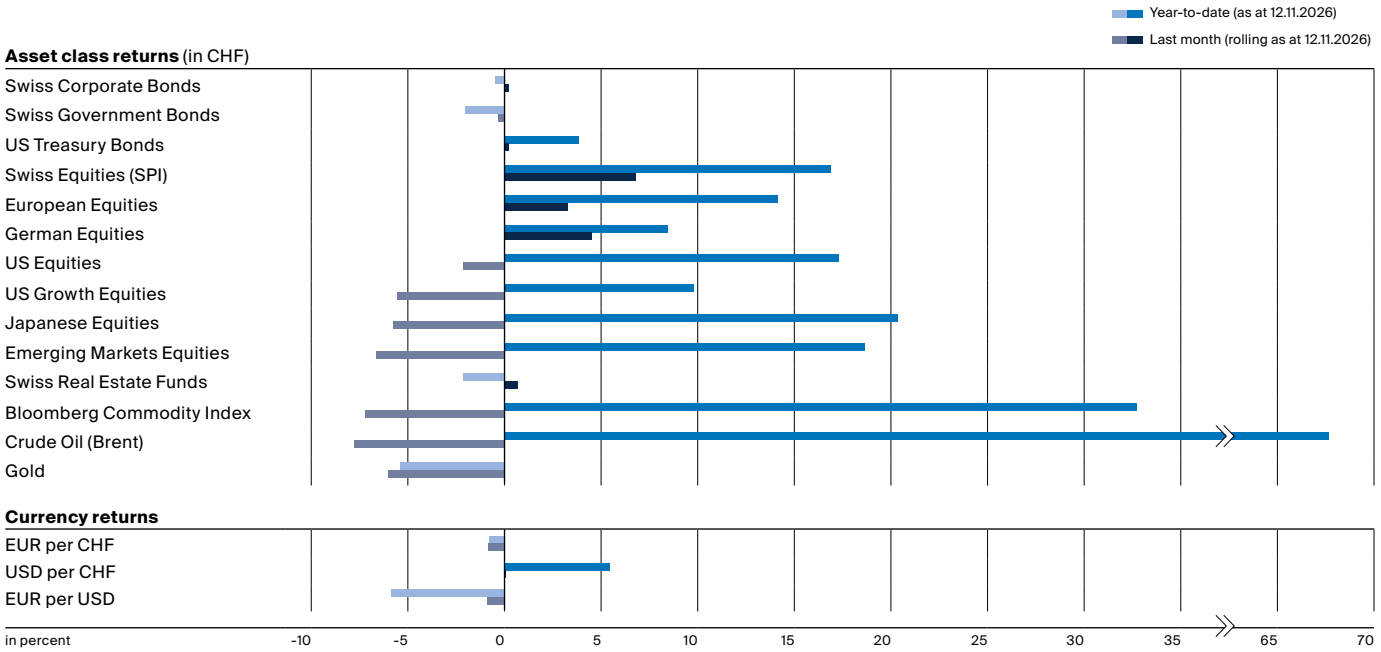
Regulation, financing costs and high expectations may lead to further volatility in the short term. In the long term, however, we see AI as one of the most significant technological and economic transformations in the next few years.

Strategic allocation (based on balanced mandate)



Source: Zuger Kantonalbank

Market data



SMI Swiss equities (year-to-date at 12.11.2026)

Kühne&Nagel 42.6% / CHF 236	**Givaudan** 33.6% / CHF 4091	**Swisscom** 29.5% / CHF 717.5	**Roche** 27.6% / CHF 406.5	**Novartis** 26.2% / CHF 134.22
Lonza 25.1% / CHF 666	**Sika** 22.7% / CHF 193.9	**ABB** 20.7% / CHF 70.42	**Swiss Re** 20.1% / CHF 152.05	**Nestle** 14.4% / CHF 86.57
Zurich 14.1% / CHF 650.8	**UBS** 13% / CHF 40.73	**Swiss Life** 12.1% / CHF 984.8	**Logitech** 6% / CHF 85	**Richemont** 5% / CHF 176.15
Holcim –0.9% / CHF 75.28	**Geberit** –1.4% / CHF 596.6	**Alcon** –4.3% / CHF 60.28	**Amrize** –19.5% / CHF 34.66	**Partners Group** –28.9% / CHF 662.4

Source: SIX Index Ltd, Zuger Kantonalbank

See our website for more information on this topic

www.zugerkb.ch/investment-products

Discuss current investment topics in more detail in a personal consultation

Contact your client advisor.

We are a signatory or member of the following organisations:

Signatory of: PRI Principles for Responsible Investment

Swiss Sustainable Finance

Asset Management Association

This document has been prepared for information and marketing purposes only and does not constitute an offer or an invitation by, or on behalf of, Zuger Kantonalbank (ZugerKB) to buy or sell financial instruments or banking services. It is addressed to recipients designated by ZugerKB with residence in Switzerland for personal use and may not be reproduced, in whole or in part, changed or distributed or disseminated to any other addressees without the written permission of ZugerKB. The information in this document is given as of a specific date and has been obtained from sources that ZugerKB believes to be reliable. Nevertheless, ZugerKB cannot make any representation that the information is accurate, complete or up-to-date. ZugerKB does not accept liability for any loss arising from an investment behaviour based on the information in this document. The prices and values of investments mentioned and any income resulting therefrom may fluctuate, rise or fall. References to previous developments do not have any bearing on future results. This document does not contain any recommendations of legal nature or regarding accounting or taxes. Nor should it in any way be construed as an investment or strategy that is appropriate for or tailored to the personal circumstances of the recipient. (V2026)

This publication may contain data from third parties.
SIX Swiss Exchange AG ("SIX Swiss Exchange") is the source of SIX indices and the data comprised therein. SIX Swiss Exchange has not been involved in any way in the creation of any reported information and does not give any warranty and excludes any liability whatsoever (whether in negligence or otherwise) – including without limitation for the accuracy, adequateness, correctness, completeness, timeliness, and fitness for any purpose – with respect to any reported information or in relation to any errors, omissions or interruptions in the indices or its data. Any dissemination or further distribution of any such information pertaining to SIX Swiss Exchange is prohibited. Source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. The use by Zuger Kantonalbank of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Zuger Kantonalbank by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI. Bloomberg® and Bloomberg-indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the indices (collectively, "Bloomberg") and have been licensed for use for certain purposes by Zuger Kantonalbank. Bloomberg is not affiliated with Zuger Kantonalbank, and Bloomberg does not approve, endorse, review, or recommend products from Zuger Kantonalbank. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to Bloomberg-indices.