CHECK-UP

January 2026
Client information
Reichmuth & Co Private Bankers

Opportunities by region –
Scenarios and investment ideas
Page 3

Asia in the
fast lane
Page 6

“Do what you say.”
Interview with Silvan Betschart
Page 8

Editorial

As we enter a new year, we would like to wish you happiness, good health and great fulfilment in 2026.

This year we are celebrating a special birthday: the 30th anniversary of Reichmuth & Co, and we would like to thank each one of our valued clients for their trust.

Our motto, *“People and money in harmony”,* has guided us since our founding. Markets have become more fast-paced, regulations more complex. Digital tools and AI are opening up new possibilities. However, given the flood of information that accompanies them, face-to-face discussions remain indispensable. Assuming responsibility, for example, cannot be automated.

This milestone anniversary is not a time for looking back, but rather for renewing our commitment to client proximity, responsibility and long-term approaches – just as we have been doing it for 30 years.



Jürg Staub
General Partner



Between the AI boom and the debt trap

The global economy was tested severely in 2025. It was a year of upheaval, geopolitical realignments, and economic uncertainty. Old structures are collapsing and new ones emerging. The economy is not doing badly – but do you feel it too? It feels as if it is running on only one cylinder – and everything hinges on the AI boom. Investors must adjust to a new reality marked by artificial intelligence, high debt levels and geopolitical tensions.

The AI boom – a Déjà vu?
Technological progress, above all in the form of artificial intelligence (AI), mobilised enormous capital flows in 2025. In the USA in particular, where companies are investing heavily in AI, the market appears to be exploding. Is this boom sustainable? History has shown that rapid market expansions are often followed by a correction. If we think back to the dotcom bubble or the Chinese real-estate boom, we see that high expectations led to exaggerated valuations, which later resulted in dramatic price falls. Today, there are similar signs, such as the circular transactions between Open AI and AMD, that the market for AI and technology stocks is in the bubble-forming phase. Whether you want to play the bubble or watch the action unfold from the sidelines is a very personal decision. Bubbles offer opportunities, but with very high risks, because no one knows when speculative bubbles will burst.

A volatile mix: high valuations and high concentration
Investors need to be aware that market capitalisation-weighted US indexes already feature a high level of concentration in relatively expensive technology indexes. If real returns fall short of expectations or long-term interest rates rise, the stock market could be in for a rude awakening. Keep in mind that after the dotcom bubble peaked, the Nasdaq lost more than 70% over the next two years and the S&P 500 lost more than 30%. The S&P 500 Equelly Weighted Index, on the other hand, avoided these heavy losses and moved sideways during the same period. We have not yet reached the peak of the AI boom, so at the moment there is not as far to fall. Nevertheless, we are already advising more cautious investors to diversify more broadly in order to avoid this risk in Capitalisation-Weighted indexes.

The debt trap – a risk in the West
Aside from the technology bubble, there is another risk for investors: the debt trap. Government debt in many Western countries, particularly in the United States and Europe, has already reached alarming levels. A debt trap exists when government debt exceeds 100% of GDP, and nominal growth is below nominal interest rates. If, in addition, the national budget is in deficit, there is virtually no escape. Countries such as the USA and France are therefore candidates for this type of fiscal crisis. As soon as the financial markets lose confidence in these countries, their long-term interest rates will rise, which can lead to lower valuations on the asset markets. During such a "Liz Truss moment", named after the short-lived UK prime minister, the risk of financial market volatility will increase, and central banks often have to intervene. Interest rates are usually lowered, and the affected currency loses value. For this reason, we advise against holding nominal investments in such countries. However, real assets such as shares can still be held in these countries because companies do react and can go on to perform well after a temporary correction.

"Wild card" USD
In the USA, we must be prepared for erratic developments in the new year as well. Stephen Miran, Chairman of the US Council of Economic Advisers, poses a particular risk. Merely his proposals to convert US government bonds into 100-year interest-free securities or to impose a fee on USD deposits held by foreign central banks caused considerable unrest. He is also clearly advocating for significantly lower FED Fund rates. It is likely that the next US Fed chair, to be appointed by President Trump, will think along similar lines. As such, the USD is expected to weaken further in the new year.

Switzerland – a safe haven
While the major economic powers are struggling with uncertainty and unstable market conditions, Switzerland remains a rock of stability amid the turmoil. Switzerland is the only Western country with a sound fiscal and monetary policy, both of which enjoy broad cross-party political support. As a result, the Swiss franc has stayed strong. In times of geopolitical uncertainty, it remains one of the few safe havens for investors. However, the very strong Swiss franc is weighing on the competitiveness of Swiss exporters. Switzerland, and Swiss dividend-paying stocks in particular, remain attractive to investors, and all the more so as interest rates are likely to be zero or even negative in the coming year.

Three reliable stores of value for the future
Amid the current geopolitical uncertainty and questions surrounding the backbone of the financial system – US government bonds – we see three remaining main stores of value: quality stocks, gold and the Swiss franc. Since the fiscal situation in the US and Europe appears rather bleak, the USD – like the EUR – is likely to weaken over the medium term. Gold continues to be bolstered by geopolitical instability and particularly by the desire of non-Western central banks to hold it as a geostrategic currency instead of the US dollar. For 2026, we recommend an individually tailored strategy that focuses on substance, with the proportion of real assets, i.e. shares and gold, ideally forming the bulk of it. Nominal assets are necessary for liabilities, for peace of mind, or when comparing a portfolio against the benchmark. However, nominal assets seem less than ideal as a store of value for long-term investors.

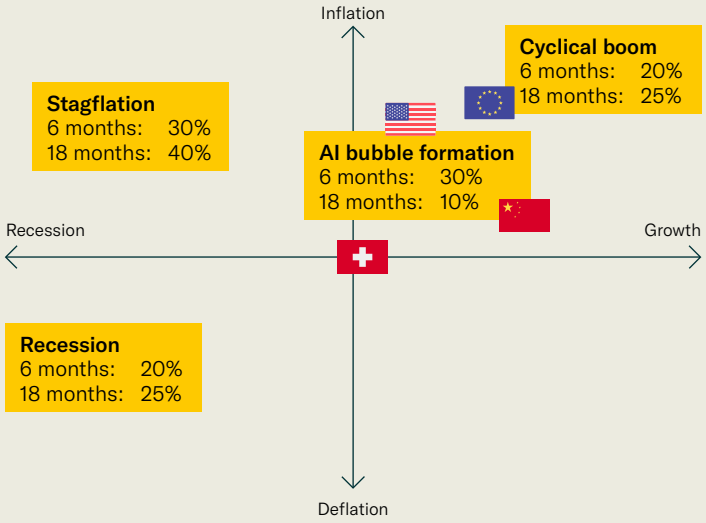
Switzerland remains a rock of stability.



Christof Reichmuth
General Partner

Opportunities by region

Scenarios and investment ideas



Scenarios – estimated probability of occurrence over time

Current assessment

USA: AI bubble formation enables productivity gains coupled with the potential for radical upheaval in the labour market.

EU: The cyclical upswing gains momentum thanks to lower energy costs and broad-based investment programmes.

CH: The struggling export industry adapts to changing sales markets and a strong domestic currency.

China: Transition from imitator to innovator to global tech leadership, which is strategically promoted by the central government.

In our base scenario, we predict a robust global macroeconomic environment for 2026 as well. Renewed inflation concerns in the US are acting in opposition to the increasingly apparent productivity gains generated by AI. Despite erratic political leadership in Washington, D.C., we continue to expect a resilient US economy, growing efforts by Europe to present a united front, and economic growth in Asia that will clearly surpass its counterparts in other major regions in terms of dynamism.



STABILITY

My home is my haven
By means of diplomatic damage control, strategic diversification and continuous internal efficiency improvements, Swiss industry successfully stands up to the might-is-right politics propagated by the USA.

Investment ideas

- First-class dividend stocks
- Small & mid caps



FISCAL STIMULUS

Europe's investment surge
Despite internal differences, the EU can act as a unified economic bloc, enabling it to raise money on the capital market as a single entity. This concentrated investment power leads to a cyclical economic boom.

Investment ideas

- Building and basic materials
- Value shares
- European mid-cap ETFs



MOMENTUM

The trend is your friend
Although the uncertainty surrounding the monetisation of the hyperscalers' enormous AI investments persists, we are sticking to selective stock picking – even within the forming AI bubble.

Investment ideas

- Technology
- Finance
- AI infrastructure



GROWTH & INNOVATION

Innovation instead of imitation
The transition from an economy that copies others' strategies to one that is now forging its own path is well underway. Among other things, this has led to a reorganisation of trade routes in Asia.

Investment ideas

- Asian ETFs
- India third party fund
- Active Vietnam equity fund

Cajetan Bilgischer und Silvan Betschart | Research

Strong focus on real assets

How to deal with cluster risks

Expansionary fiscal and monetary policy, as well as massive investments in AI infrastructure, will continue to shore up the economy in the new year, and we consider a sharp economic downturn to be unlikely. In our view, the risks lie in high government debt with chronic deficits, stubborn inflation, and a high market concentration in just a few stocks. Absolute return-oriented investors whose investment strategy is aimed at a long-term target return over 5–10 years rather than primarily seeking short-term index comparisons need to be particularly vigilant and carefully weigh up the opportunities and risks in their investment strategy.

The power of the few

Passive stock market investors who invest in broad market indices such as the S&P 500 or the MSCI World Index must be aware of the unprecedented concentration in the US today. A handful of tech giants dominate the index's weighting, which means that future investment success will largely depend on the further development of these few heavyweights. A historical look at the bursting of the dotcom bubble in the 2000s shows the risks of such a concentrated bet. While the Nasdaq slumped by more than 70% between March 2000 and June 2002, the broader S&P 500 Index lost around 30%. By contrast, an equally weighted stock portfolio comprising all S&P 500 companies lost almost nothing. Those who invested in a diversified stock portfolio were able to sleep more soundly during this phase.

Market Cap Weighted Indices loose more in a market correction

Index	Correction from the peak of the dotcom bubble (March 2000 to June 2002)	Time until losses recovered
Nasdaq	–76%	14 years
S&P-500	–32%	3.5 years
S&P gleichgewichtet	0%	

Source: Bloomberg

The starting point is not the same as during the dotcom bubble, when none of the leading companies generated cash flow or profits. However, with a pure valuation correction due to the AI hype subsiding, we would expect a diversified equity portfolio to perform more robustly and significantly better.

Do not overlook defensive and cyclical stocks

Defensive sectors such as healthcare and consumer staples are currently playing a minor role in the indexes, even though they boast comparatively attractive valuations and highly stable business models. Consequently, the cushioning effects that these sectors could offer in times of crisis are largely overlooked by index investors. Similarly, equities from up-and-coming emerging markets, which promise potentially higher growth rates, are largely ignored in the major indexes, thereby leaving a significant diversification opportunity untapped. Thanks to the tremendous investments in AI infrastructure, the demand for commodities is also increasing, which is met by an inelastic supply. Commodity investments have often performed well, particularly in scenarios with higher inflation. It is difficult to predict how long the euphoria surrounding artificial intelligence will continue. However, in order to be prepared for alternative scenarios, we are placing greater emphasis on defensive sectors in our equity allocation compared to the mainstream market indexes and are investing more heavily in markets outside the US. We include shares from emerging Asian markets, the healthcare sector and commodity related equities among our stock market favourites for 2026.

The illusion of security

Bond indexes are also fraught with considerable uncertainty. Countries and companies with particularly high levels of debt are weighted more heavily in the bond indexes. Passive investors also share in these risks. Rising inflation and interest rate expectations due to expansionary fiscal policy may exert downward pressure on bond prices in the portfolio. From a CHF perspective, particular attention should be paid to the currency issue. The USD as well as the EUR have effectively become weak currencies due to undisciplined debt policies. From the viewpoint of a CHF investor, the looming currency losses cannot be offset by the coupons. Our investment strategy focuses on a minimal allocation of fixed-income investments and avoids USD and EUR bonds in particular. Instead of bonds, we are opting for CHF cash and precious metals as alternative stores of value and diversifying into alternative investments with better risk/return profiles.

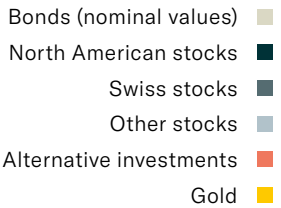
Future-oriented investment strategy

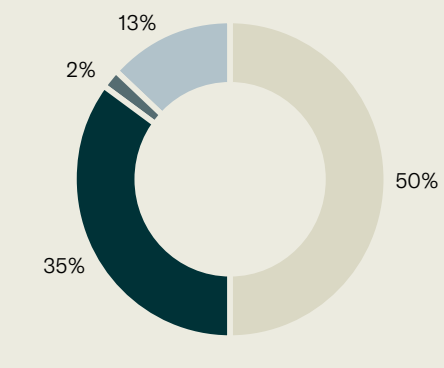
A future-oriented investment strategy does not rely on the continuation of existing trends, but instead is scenario-based and actively evaluates opportunities and risks. In essence, it encompasses

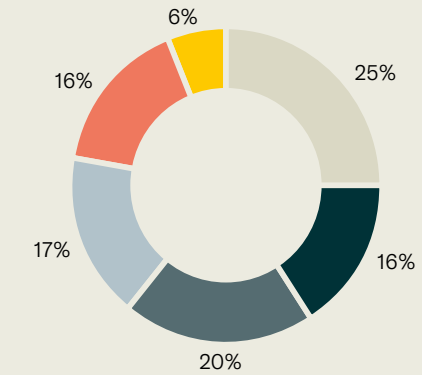
- sensibly **diversifying** one's portfolio so that it remains as robust as possible even in the face of various scenarios.
- **active risk management** that includes limiting excessive valuation, currency or even potential default risks.
- establishing **individual preferences and targets,** which could be a higher home bias, greater diversification in alternative investments, or the addition of private market investments to further hedge against fluctuations.

We would be happy to advise you on crafting a personalised, future-oriented investment strategy.

Patrick Erne | Head of Research







	PORTFOLIO CHARACTERISTICS:	
	◆ 50% MSCI World Equity Index, 50% Global Bond Index ◆ High nominal value ratio with long maturities ◆ High concentration in tech and the US ◆ Higher foreign currency exposure (USD)	◆ Nominal values at strategic minimum, lots of real assets and alternative investments ◆ Broader diversification across asset classes ◆ Minimal bond- and foreign currency allocation ◆ Lower concentration risks
	HOW DOES EACH PORTFOLIO RESPOND IN EACH SCENARIO?	
SCENARIO CYCLICAL BOOM Market breadth increases while cyclical stocks benefit from fiscal stimulus, especially in Europe. Long-term interest rates rise due to improved growth prospects.	– Disadvantageous high concentration of US tech stocks – Higher interest rate risks for long duration bonds – Too much USD	+ Emerging markets and EU with additional potential + Alternative investments > Bonds are advantageous + Swiss small caps benefit from the economic upturn
SCENARIO AI BUBBLE The manufacturing sector remains weak. The arms race in data centre expansion continues. Declining market breadth with continued outperformance of US technology stocks and AI-related segments.	+ Momentum in technology stocks remains high + USD still in demand due to the lack of alternatives + Interest rates remain low, positive for bonds	– Subpar allocation to US tech stocks is disadvantageous – Too few US bonds – Alternative investments do not offer diversification benefits
SCENARIO STAGFLATION Inflation rates remain above the 2% target. Consumption that is driven by the upper class weakens. Hyperscalers become cautious about new investment commitments and economic momentum remains subdued.	– Bonds perform badly – Correction of valuation for highly rated stocks – Weak USD	+ Defensive stocks perform better + Gold and other commodity investments generate profits + Alternative investments > Bonds are advantageous
SCENARIO RECESSION AI turns out to be a hype. Defaults in private credit markets weigh on sentiment and lead to a market correction. Defensive sectors are sought after and alternative investments have a stabilizing effect.	– Valuation correction in highly rated equity segments – Rising default rates and wider credit spreads – Do bonds still offer a diversifying effect?	+ Diversifiers within the alternative investment segment + Health- and non-cyclical stocks with relatively good performance + Safe havens such as the Swiss franc and gold remain sought after

Positive portfolio effects in each scenario

Asia in the fast lane

While the West debates the distribution of wealth, the East is building economic foundations for the future. Our November business pulse check in Singapore, Hong Kong, and Taiwan confirmed this view. Hong Kong is back to its old self. Despite the difficult pandemic years, the city has held on to its role as a global financial centre and gateway to China. International capital flows are returning, and Chinese companies are once again planning IPOs. The narrative suggesting China's economic decline also appears exaggerated – China remains an important and viable market for global investors.

Both China's political and economic influence continues to grow. The US is pursuing an increasingly isolationist agenda, while Europe is preoccupied with itself. China is taking advantage of the emerging global vacuum. Whereas the USA was the most important trading partner for many countries at the beginning of the century, today it is China. This tectonic shift in the balance of power towards the East is palpable.

Technological race: China is catching up

Despite weak domestic demand and deflation, China has developed innovative industries. Fierce competitive pressure has produced local winners that can compete globally with comparable quality but lower costs. Companies such as BYD and CATL are capturing a greater share of the market in emerging economies and are increasingly establishing themselves as serious competitors in Europe. Growth opportunities in emerging markets should therefore be pursued to a greater extent through Chinese and Asian companies, as Western multinationals are being squeezed out. The West is still ahead in the race for technological and AI supremacy, but China is quickly catching up. China has a faster learning curve when it comes to AI thanks to lower regulatory hurdles and open-source models. Access to affordable renewable energy and leading storage technology provide an additional boost to its competitiveness.

Long-term growth opportunities in Asia

Of course, Asia is not just China, but rather a heterogeneous region with enormous growth opportunities. India and Vietnam benefit from a young population and growth-friendly policies. Vietnam is targeting annual GDP growth of over 10% by 2030 and currently trades at an attractive P/E ratio of 11.4×. Japan and Korea are also convincing examples of "self-help" successes, with corporate governance reforms and shareholder-friendly transformations creating added value.

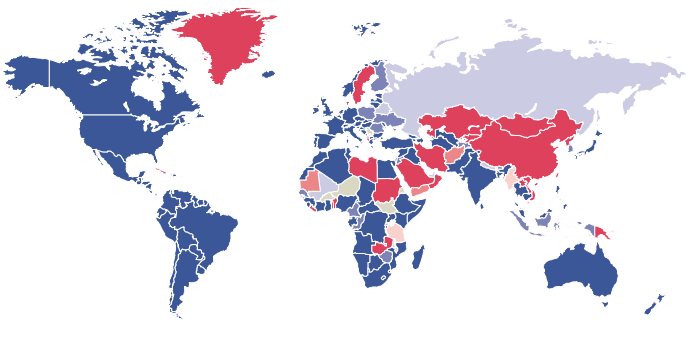
These altered global realities are still inadequately reflected in current benchmarks. Despite their growing importance, Asia and China remain under-represented even though valuations are attractive compared to the US. Our implementation recommendations:

- China with flexible experts on the ground who can respond to rapidly changing trends.
- Japan and South Korea as core components in an active multi-manager programme.
- Vietnam and India as long-term growth markets via active mutual stock funds – fluctuations are part of the long-term upward trend.

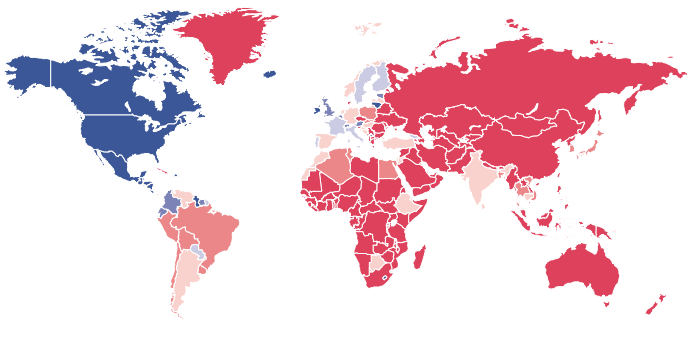
Rolf Rathmayr | Research

WHO IS THE LARGEST TRADING PARTNER IN EACH COUNTRY?





Two-Way Trade, 2001



Two-Way Trade, 2023

Source: IMF

Upward thrust for your portfolio

In the aviation industry, there is a saying that goes something like “A plane is essentially a vehicle that carries two expensive engines around”. It may sound humorous, but it contains a grain of truth. Engines are the most valuable component of a commercial aircraft. In modern planes such as the Airbus A320 or the Boeing 737 family, the initial purchase price of engines accounts for only about 30% of the overall cost, but this percentage rises to over 80% after 15 years. A single engine costs more than USD 20 million and is also expensive to maintain. At the same time, aircraft engines are indispensable tangible assets with clearly calculable revenue streams – making them an attractive segment for long-term investors.

On this basis, we have successfully completed three aviation transactions in recent years: Engine Holding, Beta One and Beta Two. These ventures form the foundation for our new “Thrust” investment project. The focus is on acquiring various types of engines, including retrofitted Pratt & Whitney (PW1133G) engines, which will be leased to prominent airlines. Long-term leasing contracts create stable cash flow. The aim is to expand the portfolio to as many as 30 engines in the coming years.

Such engines offer predictable revenues and an expected return of 12% p.a. in USD. Access to this market can be secured thanks to our long-standing relationships with leading engine leasing companies – as evidenced by the track record of our three club deals to date. Our current Project Thrust is geared toward investors who want to combine diversification with a stable, real value-based return profile.

A plane is essentially a vehicle that carries two expensive engines around.

Interested? Get in touch with us.



Yücel Erincik
Head Investor Relations Infrastructure

Feedback is a gift

2026 we are celebrating a special birthday. For the past 30 years, we have been privileged to accompany private individuals, families and institutions on their financial journey. We would like to express our gratefulness for this trust because without our clients, Reichmuth & Co would not be what it is today.

Bringing “people & money in harmony” with one another almost always begins with listening. Personal contact and face-to-face dialogue with our clients have been essential for us throughout all these years. During such exchanges, we often learn what we are doing well and/or what we could do even better.

On the occasion of our bank’s milestone anniversary, may we take this opportunity to ask you for your opinion in this area? As we like to say, “Feedback is a gift”. What are we doing well? What could we do even better for you in the future? Your feedback shows us what you value about our collaboration – and where we can improve.

Our entire team is also always available at any time to respond to your questions or suggestions. Thank you for your trust. And thank you for allowing us to embark upon the fourth decade of Reichmuth & Co together with you.

YOUR OPINION COUNTS

Please contact by form or directly:
remy.reichmuth@reichmuthco.ch
+41 41 249 49 49

Remy Reichmuth | General Partner

“Do what you say.”

Interview with Silvan Betschart, CIM (Chief Investment Management)



Reichmuth & Co is one of the few banks in Switzerland whose general partners still have unlimited liability. Why is this so important?
Simply because this structure protects us from any superficiality in leadership, and because we firmly believe that “decisions and responsibility go hand in hand”. In addition to the bank’s reported equity capital, the three general partners’ liability means that all of their own private assets are on the line. That’s a responsibility you feel every single day, resulting in extremely careful risk management and providing our clients with an additional level of security.

In 2026, you and Hermann Broger, the bank’s long-standing CFO, will join the existing three-member Executive Board. How did this come about?
Our growth presents new challenges, and technological developments offer entirely new opportunities. We would like to create more space for addressing digitalisation and AI by having our longtime COO, Dionys Berwert, focus on this area. Hermann Broger, our CFO and who has been with us for 25 years, is moving up into the Executive Board. He knows our processes inside out and continues to ensure the stability of our banking operations. I’m really pleased that as part of the Executive Board I plan to work on research and client orientation even more closely in the future. We want to put the client’s perspective at the heart of everything we do. The management expansion has been filed with FINMA, and implementation will take place as soon as the approval has been granted.

What does this mean in concrete terms for your clients?
Ideas and strategies emerge in dialogue with demanding clients – and everyone benefits. Our own strategy, which is based on a broad spectrum of investment opportunities and a focus on prospects in the financial markets, is an example of this. The individual client managers tailor this strategy to meet specific requirements, whether due to investment restrictions, risk tolerance or possible benchmark specifications. The client managers are familiar with the personal plans, obligations and family circumstances of their clients, making them much better equipped to advise and support. Trust is not built in a matter of weeks, but rather grows over years. And these long-term relationships are one of our greatest success factors.

What do you focus on specifically in terms of investments?
Our clients are more diverse today than they used to be. This means it is even more important to have the right focus. Instead of offering everything, we want to focus on what we’re really good at. An independent market perspective is central to this, and it should be clearly evident in our own strategy at all times. If, for example, someone is only looking for passive index funds at the most favourable terms possible, then other banks are more suitable. However, if someone is looking for passive implementations with advice on regional or sector weightings, we can provide added value. I specifically want to further develop our offering for demanding private clients and institutional investors such as pension funds and foundations, but I’m not interested in becoming an asset manager focused on product sales, as this does not match our DNA.

Trust is not built in a matter of weeks, but rather grows over years.

What makes Reichmuth & Co stand out from the rest?
From the very beginning, one principle has applied at our bank: everything is centred around the client. Adopt a clear stance, communicate it clearly and implement it in the portfolio. In other words: Do what you say. Integrity, proximity and long-term thinking have always taken precedence over short-term profit maximisation. This approach has guided us for 30 years – and it will continue to keep us attuned to our clients in the future.

This document is for information and marketing purposes and is therefore deemed to be advertising pursuant to Art. 68 FinSA and Art. 95 FinSO.

Check-up_EN_0126_656041