CHECK-UP

May 2026
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Reichmuth & Co Private Bankers

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Editorial

It is remarkable to see how calmly our clients reacted to the geopolitical upheavals in the first few months of this year. For me, this is a sign that they have a good compass and are pursuing the investment strategy that suits them.

As an owner-managed private bank with partners who have unlimited liability, we do not base our assessment on short-lived trends. With a clear perspective, we seek to provide our clients with guidance. Trust is growing in importance, and the significance of stability and independence is becoming more evident.

For this reason the Swiss franc is also a safe haven. It acts like a shock absorber against inflationary spikes in an increasingly volatile global system. Capital seeks stability – and traditionally finds it in Switzerland. Long-term success does not require risky speculation, but rather a strategy that delivers results for decades to come. This continuity is our promise.



Jürg Staub
General Partner



"Shock'n'Roll"

Geopolitics and the markets have been in crisis mode for years now. The coronavirus pandemic was followed by the war in Ukraine, then came trade tensions, geopolitical power shifts, and now, with the war in Iran, a genuine energy price shock. Events are unfolding rapidly, the markets are reacting with increased sensitivity. This convergence of structural upheavals – geopolitical, economic and technological – is likely to persist.

Various shocks – one outcome: inflation

Several factors are currently converging simultaneously. On the demand side, investments in infrastructure, defence and AI data centres are providing momentum. On the supply side, demographic change, deglobalisation and the energy price shock are having a dampening effect. This combination has an inflationary effect – while the growth outlook remains uncertain. The key question is: will recessionary forces or inflationary pressure prevail? And if it is the latter, will central banks – as after the pandemic – try to look through the inflationary pressure? Or will they take a more restrictive approach this time? At present, there is much to suggest the latter will be the case. This means that the cycle of interest rate cuts has been halted for the time being.

Higher interest rates, higher risks

In response to rising oil prices, long-term interest rates rose in the Western world. This increases the risk of a fiscal crisis in highly indebted countries, e.g. in France. There,

nominal interest rates are now higher than nominal growth. With public debt at 115% of GDP, the country is in the risk zone of a debt trap. Advisers close to the French government are therefore calling for measures such as protective tariffs of up to 30% on imports from China or a significant devaluation of the euro against the renminbi of 20–30%. Europe is hardly competitive anymore, whereas Asian currencies have appreciation potential.

Changing capital flows

Russia completely divested itself of US Treasury bonds 10 years ago; since then, China has almost halved its stock, whilst Japan and Western countries have doubled theirs. With US President Trump's latest overtures to acquire Greenland, Europeans have now also lost their appetite for US debt. That is why calls are growing in Europe for more "safe European investments". What they mean are joint European government bonds, known as Eurobonds. From an economic perspective, this step is understandable, as it helps to complete the single market and the capital markets union, as well as finance rising defence spending. Even the Deutsche Bundesbank is open to the idea – provided, however, that overall debt remains stable and that the bonds are restricted to clearly defined purposes. Experience shows that politically, such restrictions are nearly impossible to maintain.

USA: high levels of debt, but also high levels of expertise

The US is also burdened by excessive debt. The crucial difference is that its nominal growth exceeds nominal interest rates. In addition, Scott Bessent and Kevin Warsh – two proven experts in financial markets – will soon be at the helm of the Department of the Treasury and the Federal Reserve. Both rely on their experience gained under Stan Druckenmiller, an outstanding hedge fund investor who has been warning about unsustainable US fiscal policy for many years. At present, the United States finances itself mainly through short-term debt securities. In our view, both the US dollar and the euro remain weak currencies, but due to the more competent leadership at the Treasury and the Federal Reserve, the advantage lies temporarily with the US dollar.

Interest rate thresholds as a warning signal

With regard to future developments, we are paying particular attention to the trend in 10-year interest rates. The critical thresholds in our view are 4% in Europe and 5% in the USA. Once these thresholds are reached, the likelihood of substantial market corrections increases significantly. Higher refinancing costs affect governments, businesses and share valuations all at the same time.

Clarity over complexity

Despite this uncertainty, our strategic approach remains unchanged: in the long run, real assets outperform nominal investments. Shares provide protection against inflation and participate in real growth. Share prices may also come under pressure as a result of an energy shock or fiscal crisis, but companies can adapt. Dividend gems with reasonable valuations appear to be especially resilient. They deliver steady income flows and help to better absorb market fluctuations. Switzerland, in particular, offers a convincing range of quality companies – complemented by international stocks in sectors where there is limited Swiss representation.

Three stores of value

The core of every portfolio we manage therefore remains the following three asset classes:

1. Liquidity in Swiss francs: this provides flexibility and stability.
2. Quality stocks with strong balance sheets and reliable dividends. The energy sector is also becoming increasingly important – both from a geopolitical perspective and due to the energy demands of the emerging AI revolution. Read more on this topic on pages 4 and 6.
3. Gold as a hedge: it remains a protection against systemic risks and currency depreciation.

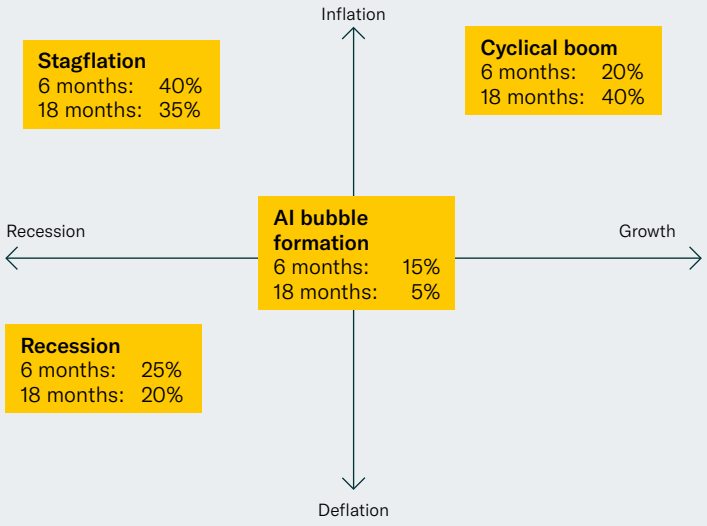
In uncertain times, what is needed is not knee-jerk reactions, but rather clarity. Understand the risks, keep a cool head and stay committed to quality. Only those who have chosen a strategy that ensures they stay calm even in turbulent times can take advantage of the opportunities that such upheavals bring.



Christof Reichmuth
General Partner

Global economic engine starts to sputter

Scenarios and investment consequences



Scenarios – estimated probability of occurrence over time

Current assessment

- Rising gasoline prices are putting a significant strain on the Trump administration's approval ratings.
- Joint bonds for the eurozone are becoming more likely and are expanding the scope of fiscal policy.
- The strong Swiss franc is putting pressure on the export-oriented economy.
- Growth is stabilising at a lower level thanks to strong exports and innovation.

The (unresolved) Iran conflict increases the likelihood of stagflation developing. However, one should not discount the resilience of the US economy just yet. The headwinds may be real, but they are not yet strong enough to bring private consumption – the largest component of the US economy – to a standstill. In our baseline scenario, we expect lower real economic growth coupled with rising inflation rates.

Baseline scenario – stagflation

The conflict in the Middle East acts as a negative supply shock to the global economy, pushing up general price levels whilst simultaneously curbing global economic activity due to increased costs and uncertainty. Second-round effects continue to constrain economic growth. The resulting decline in purchasing power, combined with the ongoing uncertainty, weighs on private consumption. Companies also suffer from the energy shock, with persistently high prices, which negatively affects their expansion plans. Central banks face a dilemma, as key interest rates cannot be cut proactively in this type of environment.

Best investment ideas:

- Defensive quality stocks and dividend gems
- Energy and pharmaceutical stocks
- Attractive domestic market thanks to price stability
- Minimum nominal assets, gold is attractive

Alternative scenario – cyclical boom

A de-escalation in the Middle East acts as a powerful catalyst for the global economy, as it effectively switches off the drivers of stagflation. Falling energy prices have the same effect as a global economic stimulus package. Households are relieved. Additionally, the normalisation of supply chains improves margins for industrial companies, and their investment capacity expands rapidly. In tandem with AI-driven productivity gains, the "rebound effect" fuels an economic upturn. Growth in Europe, where the implemented fiscal programmes are kicking in, also proves surprisingly strong despite higher inflation rates.

Best investment ideas:

- Equity sectors: commodities, industry, banking
- Emerging market equities (plus Vietnam)
- Value shares and AI winners
- Avoid bonds

Cajetan Bilgischer und Silvan Betschart | Research

Underestimated contagion effects?

Diversification amid geopolitical upheaval

The war in Iran has led to oil shortages and is generating inflationary pressures. The current uncertainty surrounding the opening of the Strait of Hormuz highlights the varying levels of preparedness among different regions when faced with geopolitical tensions and energy price shocks. If the supply shortage persists, countries with high levels of debt risk falling into a dangerous downward spiral of rising interest costs and slower growth. This stagflationary trend places greater requirements on a resilient portfolio.

Rethinking regional diversification

The attractiveness of individual regions depends not only on the economic outlook but, above all, on countries' fiscal policy leeway and their independence in terms of energy and raw materials.

- **Switzerland:** with a gross debt-to-GDP ratio of 39%, the federal government has the fiscal leeway to cushion price shocks. The strong franc helps to keep inflation in check, but it also dampens growth prospects. Energy security remains a structural risk.
- **USA:** as the world's largest oil producer, the USA is well positioned when it comes to energy security. The challenges lie in its electricity and energy infrastructure. From a fiscal perspective, the USA is in a weak position. Given its high levels of debt and aggressive stance towards long-standing partners, the USD's role as a safe haven is increasingly being called into question.
- **Europe & Asia:** these regions are facing challenges should the energy crisis persist. Germany and Japan in particular are suffering from a combination of high energy import prices and a struggling industrial sector, which is also due to competition from China. Although Germany's federal budget is in good shape, other countries in the eurozone are at risk if plans for a European fiscal union cannot be implemented.

Given these challenges, no single region stands out as a clear winner. We continue to overweight Switzerland as a stability anchor with a strong currency.

Avoid concentration and valuation risks

For the financial markets, valuations, international capital flows and investor confidence are key factors in the medium term. US shares are currently overrepresented and highly valued in the global equity index. Investor confidence in the US is waning, and many investors are overallocated. Adhering to global benchmarks such as the MSCI World index often results in a high proportion of up to 70% of US stocks. When building a diversified equity portfolio, we therefore pay closer attention to:

- **Valuations:** while artificial intelligence (AI) is undoubtedly a long-term driver of productivity, it remains unclear whether the enormous investments being made will actually translate into significantly higher corporate profits. Defensive segments such as healthcare and consumer staples have often been overlooked in recent years, but offer more attractive valuations. In general, we believe value shares are preferred in the current environment because they are less sensitive to interest rates (see box).
- **Focus on dividends:** companies that generate consistently high cash flows and distribute these to shareholders are less vulnerable to volatility over time.

Switzerland with sound public finances – Energy independence in the USA

							
Public debt (% of gross GDP)	39%	65%	126%	107%	118%	204%	83%
Deficit (% of GDP)	0.5%	–2.7%	–5.2%	–5.1%	–5.1%	–2.3%	–4.5%
GDP growth	1.3%	0.4%	2.1%	5.0%	1.2%	1.3%	7.8%
Inflation	0.3%	2.8%	3.3%	1.0%	2.0%	1.5%	3.4%
10-year interest rate	0.4%	3.0%	4.3%	1.8%	3.7%	2.4%	7.0%
Energy independence	low	low	high	medium	medium	low	low

Data as at 24 April 2026 (sources: IMF, Bloomberg)

Opportunities beyond the index heavyweights

Diversification can be found in places that large index funds tend to overlook. Small and mid-caps, commodity companies and emerging markets are often overlooked but currently offer attractive valuations.

- **Local champions:** companies with strong positions in local markets can exercise pricing power – an advantage in times of a prolonged energy crisis and fragile supply chains.
- **Energy stocks:** when a supply shock drives up oil prices, energy companies' profits rise while the rest of the market suffers from higher costs – one of the few options for diversification in an inflationary environment.
- **Emerging markets:** they offer long-term opportunities for portfolio diversification and are largely unrepresented in the global equity index. Short-term setbacks due to energy dependence create buying opportunities. China, Vietnam and South Korea are our favourites.

Alternatives for the portfolio

- In times of armed conflict, the importance of "hard currency" re-emerges. Precious metals do not generate returns in the traditional sense, but serve as a hedge against the gradual devaluation of currencies, as well as a buffer against geopolitical shocks and currency crises.
- In a diversified portfolio, alternative investments can serve as an uncorrelated source of return. The focus is on flexible, actively managed strategies that can adapt to the environment. This allocation can reduce volatility in a traditional portfolio without compromising on return targets.
- Investors who take a long-term view and do not need immediate access to their capital can achieve stable returns through private investments in infrastructure assets (e.g. aircraft engines or freight wagons), which are not exposed to the stock markets' day-to-day volatility.

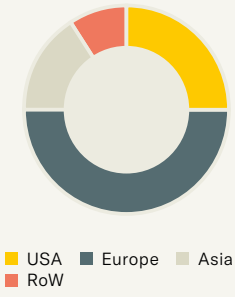
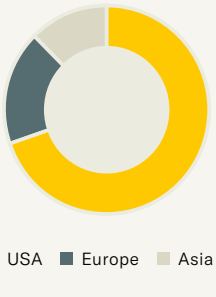
Agility instead of benchmark adherence

In light of the challenges in the current environment, we assign greater weight to inflation risks. We prefer real assets such as shares, whose revenues and profits, as well as dividends, can keep pace with inflation. The contagion risk of persistently high energy prices, rising interest rates and strained public finances is very real. We avoid potentially at-risk segments, whether they be long-term bonds issued by highly indebted countries or companies, weak currencies or concentration risks within the latest market trends. Holding some cash in the domestic currency provides flexibility for new opportunities. We would be happy to advise you on crafting a personalised investment strategy tailored to your goals.

IN FOCUS

Value stocks for an inflationary environment

Many investors chase after trends. They buy equities when they are expensive and sell when prices fall. This results in overvalued favourites and overlooked gems. A counter-cyclical value strategy starts precisely here. We do not look for the next big thing, but rather invest in companies that are operationally sound but have fallen below their "fair value" due to market turbulence or negative investor sentiment. Investing at a favourable price limits the downside risk in the event of rising interest rates and maximises the potential for recovery. In an inflationary environment, companies with strong cash flows, low valuations, and solid dividends provide stability. Our value strategy generated a return of +29% in CHF last year (vs the global equity index at +6%) and, despite market turbulence, is up 2% so far this year as at the end of March (vs the global equity index at −3%).

	Value Portfolio	MSCI World
P/E 2026	13.9	22.3
EV/EBITDA	7.2	11.1
Dividend yield	2.9%	1.9%
Regions		



Patrick Erne
Head of Research

Energy as an investment theme

Between geopolitical risk and structural growth

Energy returns to the spotlight
With the outbreak of the Iran conflict, energy is once again attracting the attention of the markets. It is no longer just about prices, but also about security of supply and dependencies. Issues that had long been ignored are once again taking centre stage. For investors, this means that energy remains a crucial factor – both economically and politically.

Structural growth – especially in electricity
Global energy demand has been rising at a relatively constant rate of around 1.5% per year for decades. Driving factors include population growth, industrialisation and rising living standards. Electricity demand is evolving much more dynamically. It is currently growing by around 3% to 4% annually – roughly twice as fast as total energy consumption. Electrification and artificial intelligence are heavily contributing this trend.

Fossil fuels remain dominant
Despite these shifts, the basic structure of the energy system has remained remarkably stable. In the mid-1970s, the share of fossil fuels stood at around 85%, while today it is still about 80%. So far, the energy transition has expanded the system rather than replaced it. Fossil fuels therefore remain relevant to the system – while at the same time politically sensitive.



Dr. Matthias Ramser
Chief Investment Officer

Discrepancy between the economy and the stock market
A look at the financial markets reveals a different picture. Whereas energy remains central to the real economy, the sector has lost significant weight in the equity index. On the MSCI World Index, its share in the 1970s was still almost 20%, while today it is around 4%. At the same time, technology companies are dominating the index. The world is still driven by energy – but the markets now only reflect this to a limited extent.

Where do the investment prospects lie?
This gives rise to investment opportunities. Oil and gas companies benefit in the short term from geopolitical tensions and high prices while generating stable cash flows. At the same time, energy supply and electricity grids are becoming increasingly important: grids, storage facilities and LNG terminals are key components of the energy supply. In the long term, the greatest potential lies in renewable energy and nuclear technology, which will benefit from rising electricity demand, supply security, and decarbonisation.

KEY TAKEAWAY FOR INVESTORS

The world is not on the verge of replacing its existing energy system, but rather of expanding it. For investors, this represents a twofold opportunity – both within the existing system and in the development of tomorrow's energy supply.

Investment options

	Typical investment	Role in portfolio	Investment thesis
Fossil energy	Oil and gas, LNG	Core allocation	Beneficiaries of higher energy prices and dividend income
Energy infrastructure	Pipelines, LNG terminals, electricity grids	Income	Long-term regulated income
Renewable energy	Solar, wind, battery storage	Growth	Accelerated expansion following the war in Iran
Nuclear and new technologies	Nuclear energy, hydrogen	Speculative	Resurgence due to high baseload capacity

Good news for our pension clients

The planned tax increase on withdrawals from the 2nd and 3rd pillars has been shelved. Following the Council of States, the National Council also rejected this measure on 5 March. This means that the proposed adjustment to the taxation of capital benefits from occupational and private pension plans, as set out in Relief Package 2027, has failed politically. The Federal Council wanted to tax withdrawals from pension funds and tied pension provision more heavily from an amount of CHF 100,000.

Forward-looking and individually tailored pension and tax planning nevertheless remains essential. Our pension specialists are happy to help you develop a solution tailored to your personal situation. The aim is to optimise income, assets and the timing of withdrawals.

SUMMARY

With the bill's rejection, the tax benefits related to contributions to Pillars 2 and 3a remain in full force. For you as a pension client, this above all means clarity and planning certainty. Existing strategies can be followed as before.



Jacqueline Kälin
Pension Specialist

Awarded Swiss dividend strategy

Morningstar Rating
10 Year

★★★★★
TM

In volatile times marked by geopolitical uncertainty, investors seek stability. Our "Dividendenselektion Schweiz" strategy does exactly that: a defensive, real-value anchor for your portfolio. We make targeted investments in quality Swiss companies that excel in terms of strong value creation, competitiveness and reliable dividends.

Your benefits at a glance:

- **Stability:** lower volatility thanks to a politically and economically stable framework and a focus on high-quality companies.
- **Income:** regular dividends are a key component of long-term total returns.
- **Tax benefits:** in pension solutions, dividends are reinvested tax free to build your wealth.

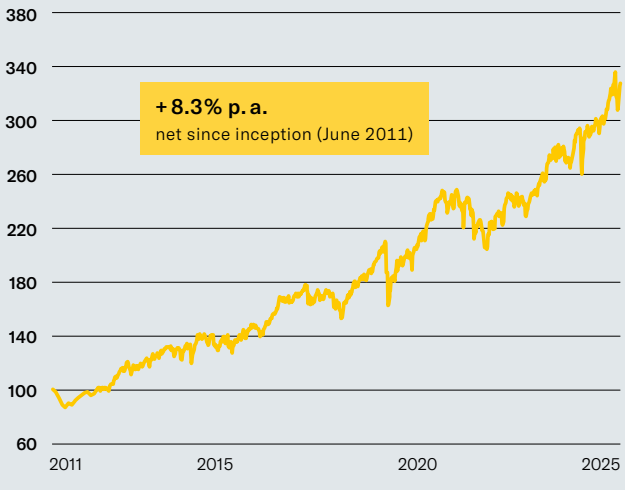
Outstanding expertise

Our stock selection has outperformed the Swiss stock market over the long run. The rating agency Morningstar has also realised this and recognised this dividend strategy with a top award.

Interested? Get in touch with us.

Marc Strub
Head of Portfolio Management

Performance trend of "Reichmuth Dividenden-Selektion Schweiz" (since inception)



Source: Bloomberg

“We always invest with you”

Interview with Remy Reichmuth, General Partner



Remy Reichmuth, the environment is turbulent. What is important to your clients?
In uncertain times, three things matter: reliability, proximity and the client managers’ understanding of their clients’ personal situations. Those who remain true to their strategy do not come under pressure even in turbulent markets. It is particularly during difficult periods when our long-term approach to investment strategy, structure and culture proves its worth.

The banking sector is in a state of upheaval. How is Reichmuth & Co handling it?
Our most important goal is client satisfaction. Ideally, we exceed their expectations. The fact that we have grown steadily over the past years through new clients and new investment capital – often thanks to recommendations from long-standing, satisfied clients – is gratifying evidence of the trust placed in us. All the more so as this growth comes from all areas – from integral private banking and our highly customised pension solutions through to institutional clients such as pension funds and foundations.

What does “integral” mean?
Business, family and personal matters are all interconnected, whether it’s investments, real estate, pensions, taxes or estate planning. That’s why you need to look at the overall picture and make adjustments accordingly. In short: “People and money in harmony”. If our clients are satisfied, we’re satisfied, too. We take the time to listen and develop a comprehensive picture. That’s what sets us apart from the rest.

Don’t all banks say the same thing?
A key difference is first and foremost our motivation. Our client managers have no sales targets to meet. Their focus is entirely on the individual needs and long-term goals of each client. Secondly, as genuine private bankers with unlimited liability, we are entrepreneurs ourselves and think and act like entrepreneurs on behalf of our clients – providing relief. Historically speaking, private bankers have actually been the client’s “family office”. And thirdly, when it comes to investments, we have a clear focus on real assets, and, in those we structure ourselves, we always invest alongside.

Where is the growth among institutional clients coming from?
On the one hand, from our core expertise in strategic asset allocation. On the other, from specific segments such as infrastructure and Swiss equities, where we perform particularly well compared to our competitors. In addition, pension funds are once again increasingly seeking clear valuations. Passive investing based on benchmarks is still very much in fashion, but it is by no means a silver bullet. Certain regions or sectors are overrepresented in the respective indices and harbour concentration risks. The fact that there are now more ETFs than underlying individual investments shows that this trend has been taken to an extreme and is creating systemic risks. That’s why a critical, independent perspective is needed.

How secure is your bank?
Security begins with a comprehensive consultation that also includes liquidity management and risk profiling. Added to this is the robust structure of the bank’s balance sheet, something we have always regarded as extremely important. Investments are what are known as segregated assets, i.e. they are kept separate. We hold the majority of our Swiss franc liquidity in our current account with the SNB or invest it in the short term via secured repo transactions. A small portion is invested in long-term HQLA assets with high quality and liquidity, such as Swiss government bonds and covered bonds. Why should we expose ourselves to risks? As is well known, partners with unlimited liability are liable with their own private assets. Our own invested capital is also exceptionally high – it exceeds the regulatory requirements by more than four times. The Tier 1 capital ratio stands at over 35%, whereas large banks usually post only 10–20%. Clients are particularly appreciative of this stability during challenging phases.

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