CHECK-UP

September 2026
Client information
Reichmuth & Co Private Bankers

Editorial

Security has become a central issue for investors. In a complex geopolitical landscape, security is currently being sought on three fronts: in the physical world, in digital infrastructure and for personal assets – with tangible consequences for politics, the economy and capital markets.

This makes having a clear sense of direction all the more important. Those who take a long-term view don't fixate on every headline, but understand the major trends: the desire for stability, the protection of property, and the ability to remain capable of taking action even in uncertain times.

In this issue, we outline what the new security architecture means for investors, discuss how we assess developments in artificial intelligence, and highlight where we see attractive opportunities.

Wishing you an enjoyable read,

Remy Reichmuth
General Partner

Security on three fronts

Geopolitics has made security a defining force. Europe is rearming; defence budgets are set to rise structurally over a period of years. Yet in 2026, "security" means far more than just weapons and ammunition: It has also become digital systems and infrastructure-based. Those who control computing power, data and orbit – cloud, AI and space – control security in the broadest sense.

The quality of the growing demand is crucial. Orders are becoming physical: production factories, ammunition production lines, satellites, data centres, power grids. This means genuine order books, and not fanciful promises. And demand is also broadening: it no longer hinges on a handful of names, but is drawing in suppliers, the energy sector, industry and materials.

Security for the investor – and the AI-bubble

For investors, security means something else. It means the protection of property, liquidity, and reasonable valuations. Above all else, however, it means the ability to remain able to act even in more challenging market conditions. This distinction is often overlooked during periods of market euphoria. A high share price is no proof of high value. And a popular stock isn't automatically a safe investment. The same artificial intelligence driving the security trend is also fuelling valuation excesses. The signs of a bubble are increasingly evident:

the Shiller P/E ratio stands at around 41, close to the dot-com peak of 44 seen at the turn of the century and more than double the long-term average. The Buffett Indicator (market capitalisation relative to economic output) is above 230%, a level higher than in any previous bubble in history, including those of 2000 and 2021. Margin debt has hit a record high of around USD 1.53 trillion, 50% higher than a year ago. The bull market is being fuelled by borrowed money. And the SpaceX IPO, the largest IPO in history, would catapult an space company into the ranks of the world's five most valuable companies. Signs of euphoria like these typically multiply towards the end of a cycle.

Converting assets into cash

SpaceX and the upcoming IPOs of Anthropic and OpenAI demonstrate that wealth and cash aren't the same. Fantastic future prospects have generated new wealth, and the companies' very high valuations are being used to convert such wealth into cash. Even seasoned investors are quietly converting a portion of their wealth into cash. This is no coincidence. After all, a market can simply become too weighty. When the stock market capitalisation persistently outgrows the real economy, it eventually becomes unsustainable. What collapses in that scenario isn't the economy itself, but the valuation. Share prices fall, even if companies remain profitable.

Is a crash imminent?

There is no way of knowing. Timing is more a matter of speculation than a craft. For the investor, security means protecting property and avoiding losses. Anyone who invests against the peak risks a prolonged loss of capital. A potential trigger could be a further rise in long-term interest rates. We view 10-year interest rates exceeding 5% for the USD and 4% for the EUR as a risk. At least money market rates for USD and EUR investors have normalised again, however, allowing some cash to be parked in the money market while earning interest. In the long term, nominal investments do not offer genuine security, as they lose value in real terms in an over-indebted world. This applies to the USD and EUR in particular, although price risks can be mitigated in the short term. A possible sequence could be as follows: long-term interest rates rise – stock prices fall – central banks print money to ensure financial market stability – the affected currencies fall in value – markets stabilise. In Switzerland, interest rates remain exceptionally low, hovering near zero. Here, the sequence would be reversed: a rising CHF – falling equity markets – followed by foreign exchange market interventions and recovering equity markets.

Switzerland offers security on three fronts

For us, Switzerland remains the most compelling safe haven. Switzerland combines political stability with a high degree of legal certainty, strong protection of property and assets, and a comparatively low level of public debt. In an increasingly indebted world, these factors are gaining in importance. Moreover, the Swiss stock market has attributes that we value. Many companies boast stable cash flows, strong market positions, and reliable dividend policies. Their commercial success depends only to a limited extent on the current AI boom. Then there's the Swiss franc. It's the world's last table-value currency and contributes significantly to long-term capital preservation.

Our conclusion

Today, security means more than just avoiding risk. It means seizing opportunities without losing sight of capital preservation. For USD and EUR investors, we currently consider it prudent to maintain a higher liquidity allocation in the form of cash held in reserve. For CHF investors, the focus is on high-quality, dividend-paying Swiss stocks. At the same time, it seems advisable to realise at least part of the substantial gains on highly valued US technology and AI stocks and to reduce concentration risks. Gold also continues to have a place in the portfolio in this environment. An integrated overview of all assets is particularly helpful during phases such as these. This enables risks and opportunities to be better assessed through scenario analyses based on past crises.

Christof Reichmuth
General Partner

UPCOMING

Reichmuth & Co Lecture no. 28 with

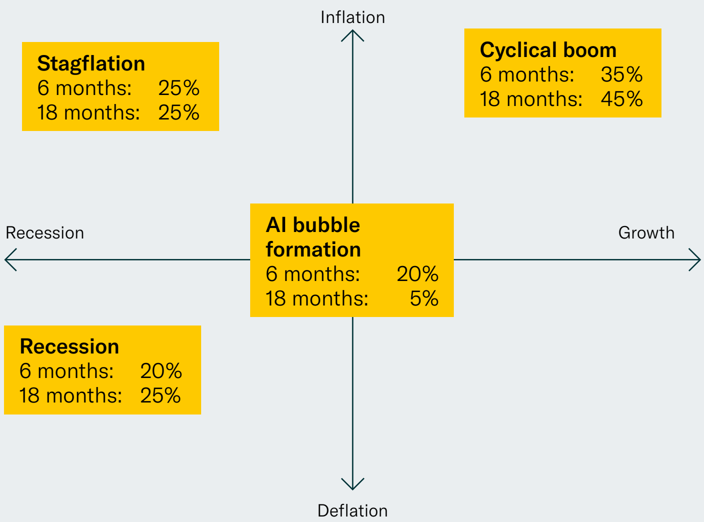
Prof. Dr. Carmen Reinhart, Harvard Kennedy School, Cambridge, USA "Global Risks in a Geopolitically Fragmented World"

Friday 18 September 2026, 6:15 pm – 7:15 pm,
University of Zurich, Auditorium KOL-G-201,
Rämistrasse 71, 8006 Zurich

Further details and registration at:

How AI is changing the world economy

Scenarios and investment implications



Scenarios – estimated probability of occurrence over time

Current assessment

- Enormous investments in AI are starting to have a widespread impact on the real economy
- Many sectors are grappling with high energy costs, regulatory pressure and increasing protectionism
- Inflation remains low, public finances are solid and structural resilience is high
- Imbalance between massive industrial production capacity and weak domestic demand

The first phase of the AI boom belongs to the chip manufacturers. The second phase will belong to companies that use AI profitably. The key factor will be how quickly the technology makes the leap from a handful of tech giants to the economy at large. The bottleneck won't be the technology itself, but the ability to integrate it in a targeted manner into existing production processes. If this transition is smooth, enormous potential for productivity gains can be unlocked.

Basic scenario: The broadening of the AI boom

After years of high expectations, AI is beginning to deliver economic benefits across the broader economy. The euphoria persists, but is supported more fundamentally as productivity gains become visible. What initially boosted the valuations of a small number of technology companies is increasingly being integrated into business processes. Companies in various sectors (such as industry, healthcare and banking) are benefiting from lower costs, more efficient processes and business models that unlock new streams of revenue. In the process, AI is evolving from a technological topic into an effective productivity driver for the real economy. The result is a positive feedback loop characterised by rising productivity, higher corporate profits and increasing investment.

Best investment ideas:

- Automation and robotics
- Value stocks with productivity leverage
- Semiconductor stocks, hyperscalers and equipment suppliers
- Second-tier AI winners

Alternative scenario: The productivity gap

Despite the billions invested in data centres, software and digital infrastructure, many companies are failing to translate the new technology into increased productivity and higher profits quickly enough. Increasing "commoditisation" is putting margin pressure on providers of language models. Together with other challenges, the rationalisation and automation processes introduced with AI are encountering, among other things, political resistance. Security concerns and social upheaval are leading to regulatory interventions. The technological leadership of the West is increasingly being challenged by China. Additional capacity and intensified competition are increasing price pressure throughout the value chain. The US economy is losing momentum and drifting into a mild recession.

Best investment ideas:

- Quality stocks with stable cash-flows
- Dividend gems
- Healthcare and consumer staples
- Defensive alternative investments

The AI Evolution

Our roadmap for investors

Artificial intelligence (AI) is often described as "immediate disruption". A look at economic history shows, however, that genuine foundational technologies – from the steam engine to electricity and the internet – don't change the world overnight. Rather, they follow a process of evolution, not revolution.

Technological change takes time. Infrastructure needs to be built, societal scepticism overcome, and legal frameworks established.

AI remains a long-term trend, yet the market may be shifting from a narrative of revolution towards a phase of regulatory, geopolitical and economic reassessment. Consequently, investor focus is likely to increasingly shift from businesses "selling shovels in the gold rush" (phase 1) to the beneficiaries of AI applications (phase 2). The transformation phase (phase 3), in which the new winners emerge, lies in the future.

The three phases of the AI evolution: Tasks, risks and investment ideas

To make the evolution of AI investable, its development can be divided into three phases:

1 The infrastructure phase (companies selling shovels in the gold rush)

The first phase – which has been underway for about three years – focuses on building the foundation. No one knows exactly which application or business model will prevail, yet everyone needs computing power, which is currently in acute shortage. Historically, the situation can be compared to the 19th-century railway boom: before the first passenger travelled, the tracks had to be laid and steel mills built. This phase is characterised by extremely high capital intensity (CapEx), high euphoria and the possibility of bubble formation. At the end of the supercycle, there is a risk of overcapacity and sharp declines in valuations.

New to the Board of Directors: Thierry Burkart

We are pleased to welcome Thierry Burkart as a new member of the Board of Directors of Reichmuth & Co. As a commercial lawyer, a member of the Council of States for the Canton of Aargau and former president of "FDP. The Liberals", he brings extensive experience at the intersection of business, politics and law.

With his strategic outlook, entrepreneurial mindset and expertise in regulatory affairs, Thierry Burkart will provide valuable support to the continued development of our bank. His personality and outlook align perfectly with the values of Reichmuth & Co: long-term thinking, independence, and responsible entrepreneurship.

Thierry Burkart on his appointment:

"Reichmuth & Co won me over with their entrepreneurial culture, long-term focus and independence. I am delighted to be joining this family firm and to be able to contribute my experience and network to the strategic development of the bank. Together, we want to help shape a successful future for Reichmuth & Co in the interests of its clients."

2 The application and integration phase

This phase is now beginning and is likely to dominate the next few years. The hardware is in place. Software developers now need to create concrete, reliable applications that solve real business problems, boost productivity and meet increasingly stringent regulatory requirements. Companies need to win users' trust (data protection, minimising AI hallucinations). Pure "wrappers" (software that merely adds a thin layer over existing models like ChatGPT) are becoming less significant. Companies with proprietary (in-house) data are at an advantage if they can combine this data with the latest AI applications.

3 The transformation phase

AI will be as deeply integrated into everyday life as the smartphone and electricity from the mains are today. Entirely new industries and business models are emerging – including outside the tech sector – that we can scarcely imagine today. The smartphone not only transformed the way we make phone calls but, through mobile internet, also created entirely new giants such as Uber, Meta and Airbnb many years after the introduction of the internet itself. Societal scepticism has largely been overcome, thanks in part to clear regulation. The hurdles are now ethical in nature.

The three phases of a technology cycle

1 The infrastructure phase

Building the foundations
Future winners and losers remain very difficult to identify. Capital intensity for the build-out is very high and the companies involved benefit disproportionately.

Investment ideas
- Semiconductor and hardware stocks
- Electricity and critical raw materials
- Critical infrastructure manufacturers

2 The application and integration phase

The infrastructure is in place
Software developers can now build new, reliable applications that solve real business problems. In this respect, proprietary data and strong customer loyalty are essential.

Investment ideas
- System software & cybersecurity
- Efficiency gainers (users of AI in everyday life)
- Specialist data owners

3 The transformation phase

AI is integrated into everyday life
Entirely new industries and business models are emerging – including outside the tech sector – that we can scarcely imagine today.

Investment ideas
- Autonomous systems & humanoid robotics
- AI-enabled biotechnology
- Personalised services

CONCLUSION

Think evolutionarily
Companies "selling shovels in the gold rush" have been in demand in recent years. The shortage of computing power and infrastructure is real and has given a cyclical business enormous pricing power. There are indications that this scarcity will persist, at least in the short term. The infrastructure is evolving rapidly, though. At the same time, regulation, global competition and economic returns are moving to the forefront of the discussion, while market expectations are high. The winners in the next phase will be companies that use the newly created tools to cut their costs or increase their efficiency. These are not just technology companies; increasingly, they also include companies from other sectors (e.g., finance, healthcare, industry). Therefore, when building a stock portfolio for the future, the aim shouldn't be to focus solely on technology, but seek a well-diversified mix of companies from a variety of sectors.

Patrick Erne
Head of Research

Time for a strategy check?

Focus on concentration risks and the ability to stay the course

The economic environment remains constructive. However, dependence on investment related to artificial intelligence has increased significantly. It isn't only technology companies that are benefiting from this trend, but, indirectly, businesses in the industrial, energy, infrastructure, and automation sectors as well. This can lead to an illusion of diversification: a portfolio can be broadly diversified and yet heavily dependent on the same AI driver.

Don't exit too soon, but become more selective

The euphoria surrounding AI is reminiscent of previous technology cycles (see p. 4/5). Stock market history shows that exiting too early can prove costly, as the final phase of a bull market can be particularly dynamic. Our strategy therefore remains balanced in its investments: we adopt a more cautious approach where valuations are significantly ahead of long-term prospects. At the same time, we remain invested in structural winners and are seeking out the beneficiaries of the next market phase.

Investor type determines deviations

The extent to which a portfolio should be invested in the AI trend and the degree of concentration by sector or region depends on the type of investor:

What type of investor are you?

1–3: Market-aligned
- Index as primary reference, limited active deviations
- Market concentrations are accepted

4–6: Active & benchmark aware (R&Co house strategy)
- Market remains the reference point; opportunities are actively exploited
- Limit concentration risks

7–10: Absolute return oriented
- Focus on target returns and risk premiums
- Avoid concentration risks, accept deviations from the market

Investors who primarily benchmark their investment performance against market indices have limited scope to reduce large market weightings. Investors who focus more on absolute returns and can tune out general market noise will reduce concentration risks early on and be more willing to accept deviations from market performance if this results in excess returns in the medium term.

Long-term compass

Since the financial crisis, stock market returns have been above average, supported by expansionary monetary and fiscal policies. In the long term, equities remain the preferred choice, provided that the chosen strategy can also be maintained during challenging periods. The higher the equity allocation, the higher the expected return – but also the expected volatility and, consequently, the investment horizon required to ride out a setback during a crisis.

CONCLUSION

Actively review your strategy

In extended periods in which the stock market performs very well, the equity allocation often increases automatically, and investors may feel comfortable with it. That is precisely when it is worth reviewing the situation and looking back at what can happen: does my current strategy still align with my risk capacity, my goals and my investor profile?

Silvan Betschart
Chief Investment Management

Comparison of various market crises: market correction and corresponding recovery period

	Dot com bubble 2000	Financial crisis 2008	Covid 2020	Returns over the last 50 years
45% equity strategy	−18%; approx. 2 years	−25%; approx. 2 years	−18%; approx. 5 months	~5.5% p.a. / ~1,355%
85% equity strategy	−40%; approx. 3 years	−48%; approx. 4 years	−26%; approx. 8 months	~7% p.a. / ~2,850%
What needed to be avoided:	Concentration in tech, buying unprofitable businesses	Indebted companies, leveraged structures	Panic selling	
What helped:	Defensive segments, value, diversification (alternatives)	Bonds, Swiss equities	High-quality stocks, disciplined rebalancing	

Performance in CHF, equity allocation (50% MSCI World & 50% SPI Index), 5% gold and the rest in the Swiss Bond Index (SBI)

Aviation on the rise

Changes in the aviation industry offer opportunities for investors focused on real assets

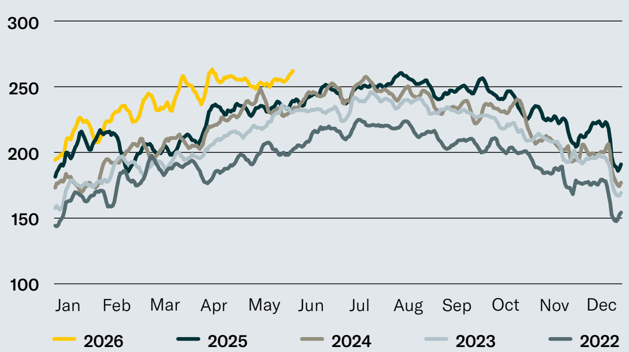
Civil aviation is growing. Rising passenger numbers, modern aircraft fleets and the demand for efficient engines are transforming the market and creating attractive investment opportunities with double-digit target returns.

A resilient industry driven by long-term growth drivers

International aviation is characterised by full aircraft, busy airports and rising passenger numbers. Following the historic slump during the pandemic, global air traffic recovered remarkably quickly. Even geopolitical events only cause temporary disruptions.

The long-term growth drivers remain in place: growing middle classes, increasing global mobility and rising demand for travel in many emerging markets continue to increase the importance of air travel. Forecasts indicate that the number of air passengers will continue to rise. Therefore, airlines need to expand their capacity while becoming more efficient.

Global air passenger volumes (2022 – 2026 in thousands)



Source: Flightradar24, own presentation

Key element: the engine

The modernisation of global aircraft fleets is is at the heart of this trend. Demand for short and medium-haul aircraft, such as the Airbus A320neo and Boeing 737 MAX families, is especially strong. These aircraft currently account for the largest share of the global commercial aircraft fleet and stand out for their lower rates of fuel consumption and operating costs – a crucial competitive factor.

Engines are among the most technologically sophisticated components of a commercial aircraft and significantly influence its cost efficiency, availability and environmental performance. They enable more efficient operations while also accounting for a substantial part of the aircraft's value.

High demand meets limited capacity

High demand for new aircraft and engines is meeting complex supply chains and limited production capacity. In some cases, deliveries are delayed by several years. Access to available spare engines is therefore becoming increasingly strategically important to airlines.

Instead of making large investments in additional engines, many airlines are opting for flexible leasing solutions. This enables them to bridge maintenance cycles, manage unplanned downtime and operate their fleets reliably without tying up capital in the long-term.

A proven investment solution

While attention often focuses on aircraft manufacturers and airlines, the engine market has evolved into a distinct segment in the global aviation industry. Reichmuth Infrastructure has many years of experience in this field and has already successfully implemented several investment platforms. We are continuing this approach: together with experienced industry partners, we are creating an international leasing platform for modern aircraft engines with a target of approx. 11–13% IRR in USD and a cash flow yield of around 6% p.a.

Interested?

Your contact persons will be happy to provide you with further information.
The documentation is also available at:
infrastructure@reichmuthco.ch.

Yücel Erincik
Head Investor Relations Infrastruktur

Real-world insights: A pension solution that fits

Fabian Duss on the choice of an executive pension plan

Mr. Duss, as a tax consultant, you provide advice to entrepreneurs and high-net-worth individuals. What kind of questions do your clients typically ask you?
Taxes are often just part of the picture. They also ask for help with pension planning, succession planning and asset structuring, as well as tax-relevant life issues and business decisions. It is essential not to view these topics in isolation, but to optimally coordinate all aspects of the overall financial situation.

What role does occupational pension provision play in this respect?
Many people focus on their disposable assets and underestimate the importance of pension provision. For entrepreneurs and executives in particular, significant assets are often held in the "second pillar" pension scheme. Planning your pension provision early and structuring it sensibly can lead to tax savings and greater long-term flexibility and transparency.

ADB has chosen a pension solution from Reichmuth & Co for its senior employees. What convinced you?
The high degree of customisation was the deciding factor. With traditional pension funds, members often have only limited scope to influence how their pension assets are managed. The current solution, in contrast, allows for a pension structure which is much more closely aligned to personal needs. At the same time, the supplementary portion of the pension provision is decoupled from indirect redistribution mechanisms. This creates transparency and fairness.

Has this choice proven successful so far?
Yes. In my view, the additional buy-in options are particularly attractive. They are fully tax-deductible within the statutory limits and remain entirely in my pension account. With other pension solutions, such buy-ins can be subject to indirect redistribution mechanisms. In some cases, there isn't even a provision for the return of funds in the event of death.

Those who plan their pension provision early can make targeted use of buy-ins to strengthen their retirement provision while reducing their taxable income. Moreover, the investment strategy can be adapted to individual needs. After all, not all members of the plan have the same investment horizon or appetite for risk. Future withdrawals can also be staggered, offering potential for tax optimisation when the benefits are paid out. Ultimately, the overall solution works well.

What exactly do you mean by that?
ADB's strength lies in the interdisciplinary collaboration between lawyers and economists. We are convinced that good advice results from considering tax, legal and economic aspects together. We have also seen the same approach at Reichmuth & Co. The focus is not on an isolated pension product, but on taking a holistic view of the financial situation. Pension provision, assets, taxes and succession planning are all interlinked. Those who consider them together achieve better solutions in the long term.

Profile

Fabian Duss is a partner at ADB Altorfer Duss & Beilstein. Founded in 1954, ADB is one of Switzerland's leading tax advisory firms for companies and private individuals dealing with complex tax and wealth-structuring matters.

Further information: **www.adb.ch**

AGENDA

2027 Market Outlook

Our private client events will take place this year as follows:

Lucerne:	10 Nov., 6:00 pm
St. Gallen:	12 Nov., 6:30 pm
Zug:	3 Nov., 6:30 pm
Zurich:	5 Nov., 5:30 pm
	9 Nov., 6:30 pm
Munich:	18 Nov., 7:00 pm
Dusseldorf:	23 Nov., 7:00 pm

Invitations will be sent out at the beginning of October.

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