Reichmuth Alpin Classic - P (BVG)

YTD +3.2%

High Volatility

The first half of the year was characterized by a high level of activism on the part of the new US administration and the associated uncertainties. The swings on the financial markets were correspondingly strong. The sharp slump in March/April was followed by a strong counter-rally. Equity markets outside the US performed better despite the unresolved trade conflict, which is at least partly due to the significant weakness of the US dollar.

Category	Allocation ø	Performance 2025	Contribution
Cash (incl Fees)	2%		-0.7%
Bonds	38%	0.5%	0.2%
Equities	46%	7.7%	3.5%
Real Estate	13%	16.4%	2.2%
Currencies			-2.1%
TOTAL	100%		3.2%

Switzerland and Europe Impress

The highest performance contribution came from the real estate asset class. Swiss real estate in particular contributed to the pleasing performance. The renewed zero interest rate environment in Switzerland has led to a search for alternatives to bonds. In CHF, there are no longer any safe yields with reasonable maturities. For this reason, Swiss dividend stocks have also performed well. Even the Swiss small cap stocks, which have been lagging behind recently, performed well in the last six months. Outside of Switzerland, European equities and Asian equities made good gains. Trade uncertainties were most noticeable in the USA. The American indices have since recovered, but the USD has lost 13% against the CHF. From the perspective of a CHF investor, the performance of US equities was not encouraging. Swiss bonds closed the half-year slightly negative. Due to the interest rate cuts, shorter maturities are already back in the negative interest rate environment.

Summer Doldrums?

The momentum continues to favor the US markets, however given the high market concentration and valuation expansion over the past two years, return expectations have decreased. After two above-average years for investors, we expect overall positive markets in 2025, but with higher volatility and rotations in financial markets. In an inflationary environment with limited fiscal discipline in many countries, there is a risk that bond investors will demand higher interest rates, causing 10-year yields to rise. Depending on the extent of the increase, this could temporarily create headwinds for valuations, particularly for US equities. Swiss stocks are likely to perform better during this phase due to their defensive composition and low interest rate sensitivity. A strong CHF could prompt the Swiss National Bank (SNB) to revisit negative interest rates in its exchange rate policy, enhancing the attractiveness of dividend-paying stocks. For asset allocation, this means maintaining a high weighting in equities with a significant home market share. Fixed-income investments remain unattractive due to inflation risks in the US and already very low interest rates in Switzerland. We are optimistic about alternative investments in 2025. Higher volatility and divergent sector trends offer active managers opportunities to leverage their flexibility profitably. Given the ongoing rise in debt levels in many Western countries, we continue to view gold as an essential portfolio diversifier. We thank you for your trust over the past year and look forward to the new year with confidence.

Philipp Murer, Portfoliomanager

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