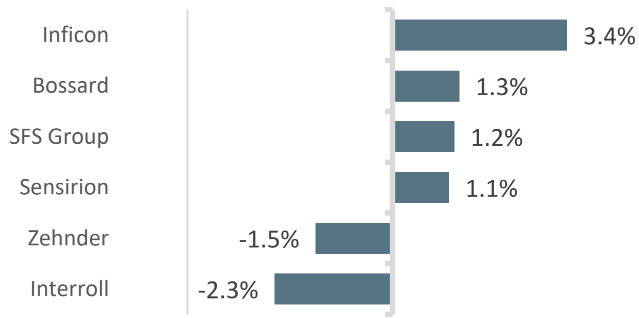
Reichmuth Pilatus - S

H1 2026

YTD -3.4%

A turbulent half-year lies behind us

Despite massive geopolitical headwinds – above all the market earthquake in March caused by the Iran war, which temporarily sent the Swiss stock market into a sharp decline – the cyclical small and mid-cap segment has largely recovered. At the start of the year, the market was still hoping for broad policy rate cuts. Due to the war-induced inflation surge, bond markets outside the Swiss franc are now pricing in higher interest rates for longer. The Swiss KOF Economic Barometer rose to 101.2 points as of June 2026. This signals solid growth, directly benefiting the manufacturing sector and domestically oriented Swiss companies. Demand for technological infrastructure remains unbroken, with Inficon, for example, benefiting. Performance of Reichmuth Pilatus since launch in 1996 stands at +6.3% p.a. and, after four weak years, remains below our target range of 8-10% p.a.



(largest contributions in 2026)

Performance divergences in the first half of the year were massive. The largest positive performance contributions came from Inficon, Bossard, SFS, and Sensirion. Negative outliers included companies with exposure to the European construction sector, such as Zehnder or Arbonia. Interroll developed very weakly due to the lack of an operational turnaround in sales and profit. The correction is painful, but the valuation is so attractive that additional purchases are compelling. The balance sheet is debt-free, the company possesses high cost flexibility, and the long-term megatrend toward automation and efficiency gains in logistics chains is intact.

Significant catch-up potential ahead

Our strategy remains unchanged; we avoid highly leveraged companies. Instead, we focus on high-quality stocks with strong pricing power and structural tailwinds in medtech, automation, and infrastructure. Since many small and mid-caps still trade at a discount despite improved fundamentals, we view the risk-reward ratio for the second half of the year as attractive. We see significant opportunities in the medtech sector. Leading Swiss medtech companies possess great technological depth. They successfully passed increased input costs on to hospitals and end customers during the first half of the year. The aging population ensures structural, recession-proof baseline growth. Whether hip implants, screws, or titanium plates – the volume of elective surgeries worldwide is back above pre-COVID levels. The painful destocking at customer level is largely complete. Orders now once again reflect real end-demand. Furthermore, Swiss companies like Siegfried, Tecan, Skan, Medartis, or Medacta remain moderately valued by historical standards, featuring innovative products that dominate their respective niches.

Philipp Murer
Portfolio Manager

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