

## Investment review for the second quarter 2026

Geopolitical developments were increasingly falling out of financial markets' focus, even though there was hardly any progress towards a lasting stabilization of the situation in the Middle East. As a result, shipping traffic through the Strait of Hormuz remained at a fraction of its normal level. The 'invisible' forces of the market cushioned the threatening shortage of energy and derivatives in the global economy, avoiding the economic outlook becoming too clouded.

Against this strong economic backdrop, the new Fed Chair, Warsh, was able to advocate for an unchanged interest rate policy, which bolstered its credibility and stabilized inflation expectations. The European Central Bank decided to raise its key interest rate by 0.25% to curb inflationary pressures in the eurozone. As expected, there was no pressing need for Switzerland to take similar action, and the key interest rate remained at 0%. The USD managed to gain slightly on a trade-weighted basis. Yields on the bond markets were slightly positive, particularly as risk premiums retreated somewhat. Precious metals disappointed once again; the price of gold fell by around 12%.

The topic of artificial intelligence once again came into focus for equity investors. Semiconductor manufacturers and data center infrastructure providers were particularly favored. The global IT sector was the standout driver of performance, rising by 40%. The fall in oil prices by around 30% led to a negative performance of 14% in the energy sector. The emerging markets and small-cap segments once again delivered strong results. South Korea and Taiwan performed exceptionally well thanks to their AI companies. In terms of half-year performance, EMAs, up 24%, are well ahead of the 'old' markets, which are up 10%. The small-cap segment lies in between, with a performance of 17%.

### **Market Trend – Momentum versus Reality**

The stock market's record-breaking run is fueled by massive investment in AI and the hope that this will pay off. So far, this has not led to excessive valuations of the indices, although this does not apply to the most sought-after shares. Earnings expectations are above average and harbor the potential for disappointment. Monetary policy is unlikely to provide support for the markets in either the US or Europe; the trend is towards higher, rather than lower, key interest rates.

Although the impact of the conflict in the Middle East on the real economy has been far less severe than feared, supplies have not yet returned to normal despite the (fragile) ceasefire. The situation remains volatile, but President Trump is unlikely to allow the conflict with Iran to escalate in the run-up to the US mid-term elections in November.

The momentum in equity markets could continue for some time, though the risks are evident. We therefore stick to our view that a broadly diversified portfolio is the best way for investors to capitalize on market opportunities whilst managing risk appropriately.



Chart 1: Gross return Q2 2026 in USD for different asset classes (in %)

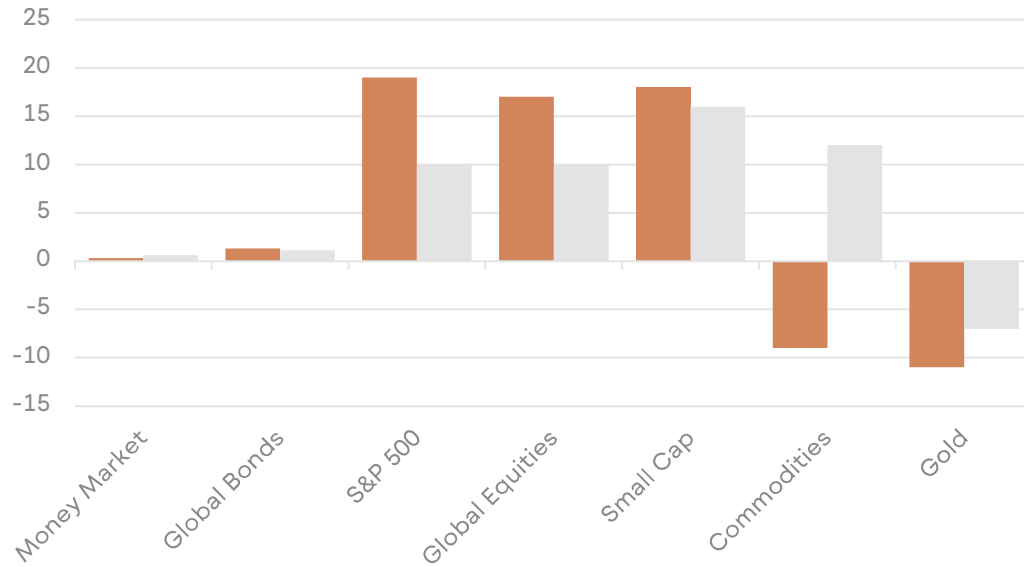
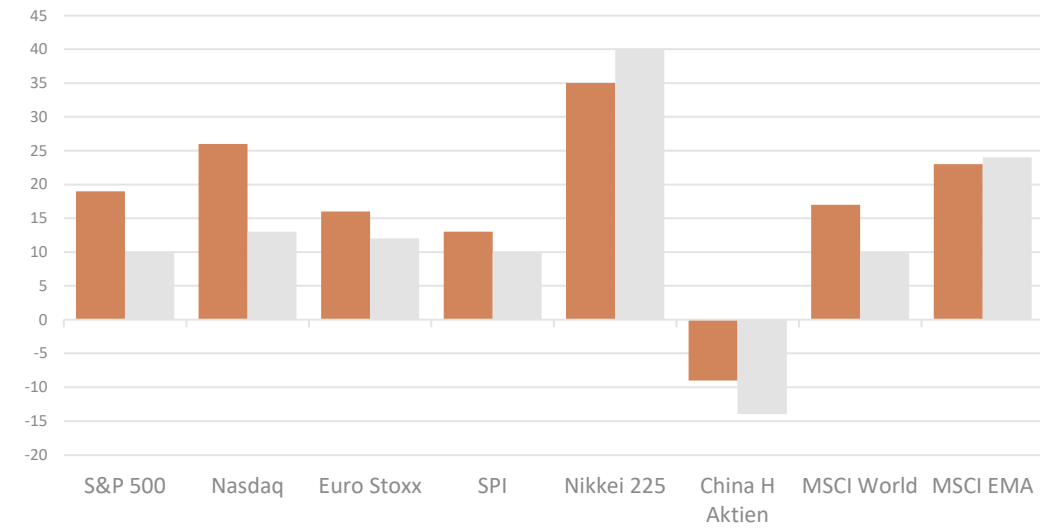


Chart 2: Performance Q2 2026 in local currency for selected stock indices (in %)



Wangs, 2. July 2026

