

Semi-Annual Review 2026 W&P Growth USD

The first half of the year was dominated by geopolitical unrest, first and foremost the Iran war, triggered by the U.S. and Israel. The reaction in financial markets was most pronounced in the energy sector and related commodities. Additionally, many prevailing trends reversed, as investors sought safety in US big cap tech names. As the conflict dragged on, inflation fears intensified, though growth forecasts suffered only minimal setbacks. The outlook for interest rates was a particular cause for concern, as easing expectations were abandoned for the prospect of renewed hiking. Nevertheless, both the global economy and the world's stock markets proved surprisingly resilient. Against the backdrop of these geopolitical developments and the associated economic uncertainties, the fund achieved only a modest net performance of +2.4% for the first half.

Chart 1: Performance W&P Growth USD (04.10.2024 – 30.06.2025)



Past performance is no reliable indicator or guarantee for future performance.

Western central banks paused their easing cycles in the first half of the year, primarily due to emerging inflation fears driven by higher energy prices. While the SNB and the U.S. Federal Reserve kept their key interest rates unchanged, the ECB decided to raise rates in June. These shifting interest rate expectations contributed to a reversal in the U.S. dollar, which gained strength particularly during the second quarter.

- Following a war-triggered correction, stock markets recovered significantly and resumed their upward trend, driven largely by the technology hardware sector. The best performance came from the industrial and semiconductor sectors, where growth in chip production and the



construction of data centers were key drivers. Industrial companies like Vertiv, Rockwell, ABB and Siemens Energy delivered strong results, as did the technology sector with AMD, Arista Networks, Lam Research, and the cybersecurity complex. Other tech heavyweights disappointed, with Meta, Netflix, Alibaba and Microsoft all significantly lagging the market.

- The yield curve shifted notably upward, with concerns around inflation lifting both the long and the short end, as rate cut expectations were reversed. Credit spreads were overall flat over the first half, hovering near multi-year lows. Higher rates weighed on bond performance, with fixed income returning +0.6% for the first half. Emerging markets bonds fared slightly better, despite the stronger U.S. dollar.
- The fund's allocation to gold provided further support at the start of the year but subsequently lost significant ground and continued to decline through the first half of the year. Various factors put pressure on precious metals. In addition to higher interest rate expectations and a stronger U.S. dollar, some central banks postponed gold purchases to maintain flexibility in their reserve policies amid the oil crisis.

For the rest of the year, we expect U.S. foreign policy activity to become somewhat more subdued, with the focus likely shifting to supporting U.S. consumers. These consumers are suffering from a persistent affordability crisis, both in terms of homeownership and everyday necessities. This shift in focus is primarily driven by the upcoming midterm elections in November, in which we expect the Republicans to be unable to retain control of both chambers of Congress.

In the meantime, we believe that financial markets are pricing in too much restrictive policy action from central banks. Our assessment of the situation differs somewhat in that we expect inflation fears to ease further, which should deter central banks from raising rates. Economic growth is likely to continue at a moderate but robust pace; a healthy labor market provides a certain degree of underlying security for consumers, and we expect double-digit growth rates in corporate earnings for the current year, which should continue to support the stock market. The main risks appear to be a slowdown in investment and a waning of market enthusiasm surrounding AI. However, we are also cautious about the period following the U.S. midterm elections, when - depending on the political landscape - a significantly more aggressive U.S. foreign policy could be expected.

