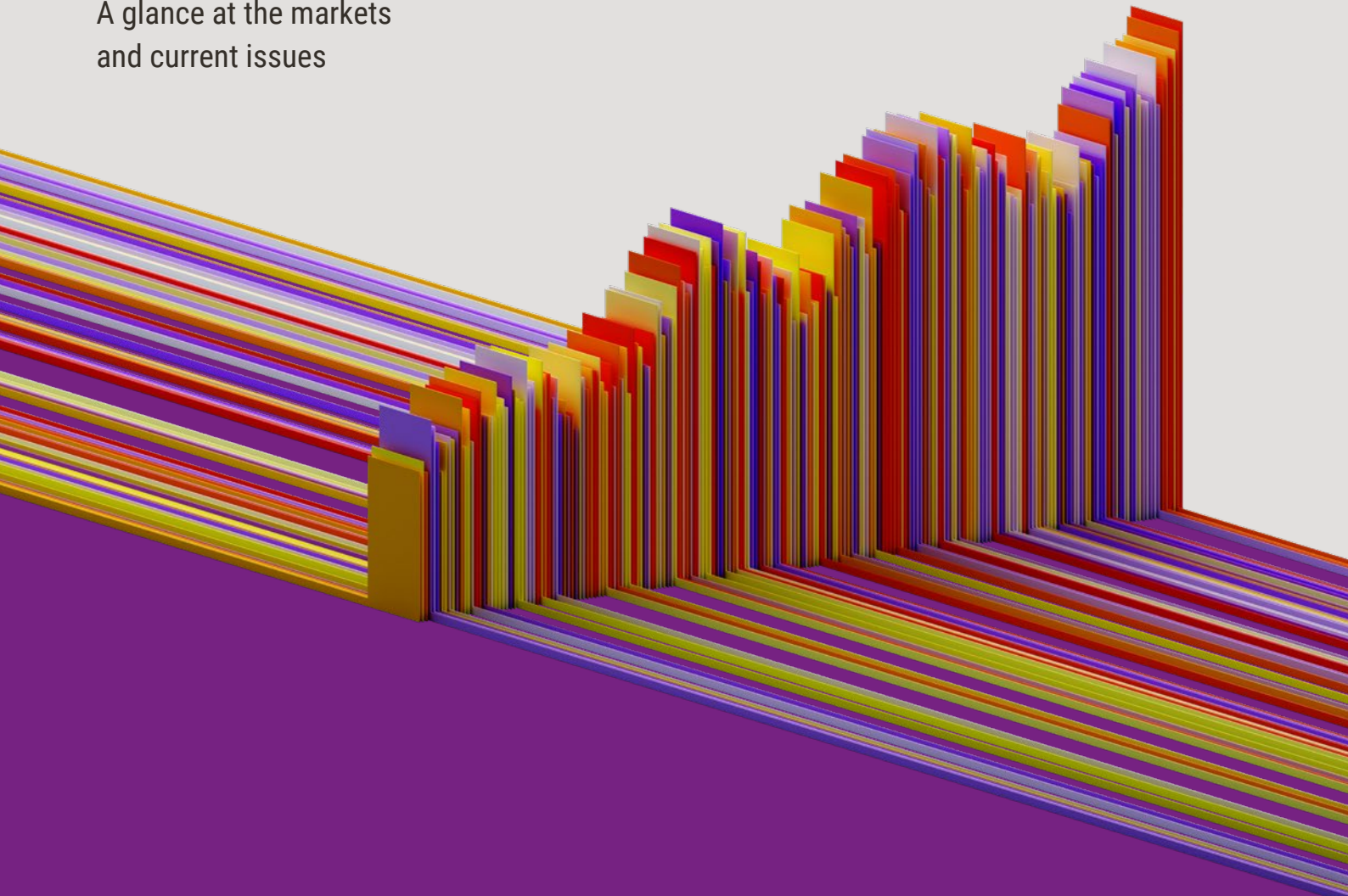


Market Overview 03 | 2025

A glance at the markets
and current issues



Equities

- Scepticism towards Trump rises
- German indices at a new all-time high
- Gold on an endless upward trajectory

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Equities

Scepticism surrounding Trump's policies is on the rise

Equity markets have performed very differently since the start of the year. Despite geopolitical uncertainties, a solid reporting season at the start of the year put the wind back into the stock markets' sails, with the European markets in particular making a strong start to the new year. In contrast, US equities suffered from a dizzying chopping and changing on the tariff front, which also led to a slashing of GDP forecasts. In response, the price of gold rose above 3,000 US dollars per ounce in March for the first time ever.

DAX up to a new all-time high

In Germany, the DAX marked a new all-time high of more than 23,450 points, an increase of more than 15% since the start of the year. This was supported by robust corporate profits, easing inflation and the prospects of potential interest rate cuts by the European Central Bank. The EURO STOXX 50 was also able to benefit from this environment, reaching a new record high of around 12% in March. The defensively positioned Swiss equity market recorded a solid increase of 12.5%. Additional impetus came from European investment initiatives in the areas of infrastructure and defence, which further boosted the market environment.



Growing doubts in the USA

While the US economy started the year with a swing in its step, doubts about the new government’s economic policy direction began to grow in February. Consumer confidence suffered its biggest fall since August 2021, with companies becoming increasingly cautious about making investments. The debate surrounding new tariffs also caused uncertainty, with fears of a resurgence of inflationary trends. The Fed’s future monetary policy headroom will increasingly depend on the Trump political agenda. Despite a weakening economy and a lack of fiscal stimulus, many analysts still see scope for further interest rate cuts and lower long-term interest rates over the course of the year.

No upper limit on the price of gold

Thanks to recent geopolitical and macroeconomic developments, precious metals have been becoming increasingly popular and more expensive: the price of gold rose to more than USD 3,000, driven by strong physical demand from both central banks as well as selected institutional and private investors. Silver is also benefiting from an upturn in investor sentiment and rising industrial demand, in particular from the expanded production of solar cells. Mining companies offer significant upside potential, thanks to the favourable conditions for precious metals as well as other selected metals and minerals. Following the publication of the most recent results, it has become clear how far this historically undervalued sector could potentially rise as the new gold bull market gains momentum and manufacturers of special metals should be able to benefit from long-lasting structural trends such as the energy transition, AI, robotics and higher military spending.



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kredite@tellco.ch
 t 058 442 41 01

Indicative interest rates* as of April 2025

Fixed-rate mortgage	3 Years	1.20 %
	5 Years	1.40 %
	7 Years	1.50 %
	10 Years	1.65 %
SARON mortgage**	SARON + 0.80 % Margin	

* These interest rates represent benchmarks for first-ranking mortgages on owner-occupied residential property. They apply to first-class residential properties and borrowers with impeccable credit ratings.

** The interest rate is at least 0 %, plus the margin

Fixed Income

Germany abolishes the debt brake

The ECB lowered its key interest rates by 25 basis points in March in the wake of declining inflation and sluggish economic prospects. Alongside decisions taken by central banks, investors also focused on the German debt brake, which limits government borrowing or new debt to 0.35% of GDP. However, considerable amounts are set to be spent on military equipment and the energy transition. For this reason, the new government would like to abolish the debt brake, although this can only be done by amending the Constitution, which requires a two-thirds majority. If this is ultimately achieved, it is likely to result in higher borrowing. While this could boost growth, it could also lead to higher inflation and rising bond yields.

Headwinds in the wake of new tariffs

The US trade war really picked up momentum in March: Canada and China are already striking back, and Mexico is set to move next. Donald Trump has now imposed 25% tariffs on imports from Mexico and Canada, as well as an additional 10% on Chinese goods. China and Canada responded just a few hours after the announcement, with China increasing taxes on American agricultural products, extending export restrictions on US companies and filing a complaint with the World Trade Organization. Canada countered with tariffs on US goods worth almost USD 100 billion.



Employment declined in February, unemployment rose and wage growth slowed.

Significant additional expenses for American families

The newly introduced tariffs now account for around USD 1.5 trillion of annual imports – a far-reaching policy shift. The Republican president is already exerting economic pressure with the aim of increasing revenue and boosting domestic production. Why this is important: a recent analysis carried out by the Yale University Budget Lab concluded that average import duties in the US have thus been raised to a level most recently reached in the 1940s. As a result, American families could be faced with additional costs of up to USD 2,000 per year. In addition, the report forecasts significantly weaker economic growth, especially if other countries react with countermeasures. Trump's tariff changes seems to be a matter of considerable uncertainty at the moment, which could affect credit spreads.

Declining US labour market

The last US labour market report was indicative: employment declined in February, unemployment rose and wage growth slowed. Employers created 151,000 new jobs, slightly less than the 160,000 jobs expected by economists. At the same time, the unemployment rate rose slightly from 4.0% in January to 4.1%, indicating a slight easing in the previously tight labour market. Many new jobs continued to be created especially in the health and transport sectors, underscoring the ongoing strength of service-oriented sectors. However, the public sector saw a decline: the number of employees working for the US Federal Government fell by 10,000 jobs, probably as a result of new policy measures adopted by the "Department of Government Efficiency". Wage pressure also eased slightly, with average hourly wages rising by only 0.3% month-on-month, down from the stronger 0.5% increase in January. Annual wage growth is now running at 4.2%, suggesting that wage-driven inflationary pressures may potentially be stabilising. However, the February figures

do not reflect the structural cuts in public sector employment recently announced by President Trump. Analysts are only expecting these measures to have a significant impact on employment and economic activity over the coming months, which in turn will cause greater labour market fluctuations.

Slight easing in US inflation

The consumer price index (CPI) rose by a seasonally adjusted 0.2% month-on-month, which was lower than the 0.5% increase in January, bringing the annual inflation rate to 2.8%. Without the volatile components of food and energy, core CPI also increased by 0.2% (3.1% year-on-year), following a monthly increase of 0.4% in January. Economists had been expecting an increase of 0.3% for overall and core inflation, with projected annual rates of 2.9% and 3.2% respectively. The weaker figures indicate a slight easing in inflationary pressure. However, it should be noted that these data were collected before the most recent tariffs were imposed. These could feed through into higher commodity prices in the coming months. A crucial issue will be whether the weakening of services can continue to offset this potential cost pressure.

Fed reacts flexibly to uncertainty

The Fed has decided to leave the key interest rate unchanged, a move that had already been largely anticipated by the markets. Despite this unchanged interest rate policy, the Fed stressed increasing economic uncertainty due to the effects of trade tariffs. At the same time, the central bank updated its economic forecasts up to the end of 2027 and reined in the pace of sales of its bond holdings. This indicates a cautious approach to its quantitative tightening strategy. Fed Chairman Jerome Powell made it clear that the central bank is willing to keep interest rates at a higher level, if this is required by the economic environment. At the same time, he pointed out that interest rate cuts would

be possible if the economy or inflation were to develop in a significantly unexpected direction. This flexible monetary policy approach reflects the Fed's reaction to economic conditions that are currently difficult to predict, particularly in the face of waning consumer demand and the potentially inflationary effects of tariffs.

Forecasts adjusted downwards

The Fed's updated forecasts point towards a slowdown in the economy this year, with expected growth being corrected downwards to just 1.7%. At the same time, inflation expectations have been revised upwards. These adjustments underscore a cautious view of the US economy, in which growth risks and inflationary pressures are carefully considered. In addition, the Fed announced a significant slowdown in the liquidation of its government bond holdings: the monthly ceiling will be reduced from 25 billion dollars to just 5 billion dollars, while the figure for mortgage-backed securities will remain unchanged. This step illustrates the Fed's strategy of adjusting its balance sheet policy in line with the current economic situation and thus countering potential market instability.

ECB lowers interest rates further

On 12 March, the ECB lowered its three most important interest rates by 25 basis points each. This means that the rates are now 2.50% for the deposit facility, 2.65% for main refinancing operations and 2.90% for the marginal lending facility. The decision is based on estimates of inflationary trends and effective monetary policy transmission. The ECB has tweaked a decisive part of the wording on the restrictive focus of its monetary policy. This is indicative of increasing pressure from the monetary policy "hawks" on the ECB's Governing Council to suspend any further interest rate cuts for the time being. This is also confirmed by the recent easing of German fiscal policy. Inflation is largely evolving as forecast, with an average inflation rate of 2.3% expected in 2025, which is expected to fall to 1.9% in 2026 and then to stabilise at 2.0% in 2027. The upward correction for 2025 largely reflects stronger energy price dynamics than initially assumed. Core inflation, which does not include the volatile components of energy and food, is expected to reach 2.2% on average in 2025 and then to fall gradually in subsequent years. According to the ECB, most of the underlying inflation metrics are now pointing to a sustained convergence on the 2% inflation target over the medium-term. With the interest rate cuts, the ECB aims to make borrowing cheaper for both companies and households, thus stimulating credit growth. However, the residual effects of previous rate hikes are still acting as a drag on overall financing conditions, and the credit business remains subdued overall. Growth forecasts have also been revised downwards: for 2025, the ECB now expects growth of 0.9%, rising slightly over subsequent years. This takes account of the pressure exerted by weak investment and exports as well as high political uncertainty.

Alternative investments

Is investing in renewable energy still worthwhile?

Photo by Luo Lei on Unsplash

According to the global market research firm Market Research Future, the European renewable energy market was worth around USD 970 billion in 2022. Forecasts estimate that this market will grow to over USD 2.182 trillion by 2032, with an average annual growth rate of 8%. One of the most important drivers of this is the diversification of energy sources on the European electricity market: the industry is increasingly relying on electricity from renewable energies due to stricter emissions and climate targets.

Favourable conditions for investors

Despite many challenges, investors are also identifying opportunities in renewable energy projects. Since President Trump's pivot back to fossil fuels, the sector has been struggling with falling equity prices. However, this has created a buyer's market for wind, solar and battery projects. For example, Copenhagen Infrastructure Partners has leveraged lower valuations to make large-scale acquisitions in the renewable energy sector. Despite political and market pressure, renewable energy production is essential in order to meet future electricity needs. As part of the energy transition, existing infrastructure assets will need to be modernised, replaced and decarbonised, and numerous projects will have to be financed in order to achieve this. For instance, investment in renewable energy continues to grow, with wind and solar energy leading the way as the fastest-growing sources of electricity. The current market conditions thus offer an excellent opportunity for long-term investors wishing to support and benefit from the transition towards renewable energies.

Private equity: a return to growth

Private equity is about to emerge from a period of uncertainty. According to McKinsey, the global PE business recovered significantly in 2024 after two years of decline, growing by 14% to USD 2 trillion. The upturn is due to a more favourable financing environment, with the cost of financing acquisitions having declined, even if it is still higher than the ten-year average. The value and number of large private equity transactions in particular rose, especially those valued higher than USD 500 million. Last year also saw an improvement in PE-based exits, which increased by 7.6% to USD 813 billion after two years marked by falls. In addition, the average buyout hold times fell for the first time since 2020. Nevertheless, the volume of assets in the disposal phase worldwide is rising. The average hold time is 6.7 years. This is still high, when compared to the average of 5.7 years over the last 20 years. If capital finally starts to flow again, the winners will include funds with a clear, differentiated strategy and steady performance.

Private debt: strong growth and new investors

Private debt has surged on the private capital markets, accounting for almost USD 200 billion worldwide in 2024. This increase has been driven by new investors looking for reliable returns in the volatile market environment. Direct loans totalled USD 679 billion, attracting a wider range of investors. One notable trend is the increasing level of cooperation between banks and private credit companies. This typically occurs in relation to larger volumes on the market, where renewed competition through consortium-based and high-interest loans gives rise to excess capital, lower interest rates, greater leverage and weaker protection clauses. Investors should therefore focus on smaller transactions, in particular those aimed at growth or restructuring capital where direct credit is the primary alternative to banks, as they are largely shielded from the competitive dynamics mentioned above.

Hedge funds: strong returns and increasing allocations

According to Barclays, hedge funds generated impressive returns of 10.1% in 2024 with an alpha of 2.1%, the second-best result in the last decade. They outperformed benchmarks such as the high-yield index, displaying resilience despite turbulent market conditions. During the current year, hedge funds are expected to achieve the largest growth in terms of investor allocations compared to other options such as private equity or fixed-income investments. Pension funds, sovereign wealth funds and insurance companies are planning to make the biggest gains, while private banks and family offices expect to see a slight decline. Investors tend towards strategies such as macro and multi-manager funds, while equity strategies (e.g. as long/short and market neutral) and credit strategies (e.g. distressed and multi-strategy) remain unchanged compared to the previous year.

Sources:

- Barclays Hedge Fund Outlook for 2025
- Bloomberg: "Green Investors Are Finding Bargains in Trump's Big Oil Era"
- McKinsey: "Global Private Markets Report 2025"
- Bain & Company: "Global Private Markets Report 2025"
- Market Research Future, "Europe Renewable Electricity Market Research Report"

Telco-Products

Telco Classic

	ISIN	Tranche	March 31st	% March	% YTD	Web
Telco Classic II Global Equities**	CH0443816621	V	251.82	-6.21	-4.35	More Infos
Telco Classic Swiss Equities ESG	CH0421075018	V	186.69	-2.25	7.53	More Infos
	CH0421074961	R	108.20	-2.29	7.40	
Telco Classic Best Idea ESG	CH0442770316	V	112.35	-8.01	-5.70	More Infos
Telco Classic Best ESG	CH0442615701	R	121.24	-8.02	-5.70	
Telco Classic Sustainable Heritage ESG	CH0583763542	V	79.56	-6.22	-5.60	More Infos
	CH0583763534	R	70.28	-6.23	-5.66	
Telco Classic Bonds CHF ESG	CH0421043669	V	107.08	-0.98	-1.69	More Infos
	CH0421043594	R*				
Telco Classic Bonds in foreign currency ESG	CH0421043768	V	85.99	-0.13	0.80	More Infos
	CH0421043743	R*				
Telco Classic Bonds in foreign currency hedged ESG	CH0469074956	V	91.57	-1.36	-0.93	More Infos
	CH0469074865	R	82.44	-1.36	-0.92	
Telco Classic Inflation Protection ESG	CH1101347354	V	95.65	-1.05	-1.26	More Infos
	CH1101347347	R*				
Telco Classic Aktien Alkimia ESG	CH0544465831	V	146.70	-6.29	-2.62	More Infos
	CH0544465823	R	138.67	-6.33	-2.71	
	CH1116144333	P	107.50	-6.30	-2.64	

* Not yet launched **available only to swiss pension funds

Telco Classic Strategy

	ISIN	Tranche	March 31st	% March	% YTD	Web
Telco Classic Strategy 10	CH0450199770	V	124.37	-1.37	-0.43	More Infos
	CH0544445619	R*				
Telco Classic Strategy 25	CH0450201261	V	134.72	-1.97	-0.07	More Infos
	CH0544465658	R	103.46		1.85	
Telco Classic Strategy 45	CH0450201329	V	153.60	-2.63	0.54	More Infos
	CH0544465757	R*				
Telco Classic Strategy 100	CH0450382632	V	137.33	-3.78	1.75	More Infos
	CH0544465773	R	86.07	-3.77	1.76	

* Not yet launched

The Telco Top Products

Top-Performer



Telco Classic Best Idea

The Telco Classic Best Idea fund aims at a long-term appreciation of invested capital, by investing in listed equities issued by companies whose expected growth is a multiple of global GDP growth, thanks to innovations primarily, and without limitation, in the technology, healthcare and energy fields.

Top-Seller



Telco Classic Sustainable Heritage

The Telco Classic Sustainable Energy fund invests in all industries that benefit from a sustainable future. The investment universe includes themes such as renewable energy, energy storage, green and smart transport solutions, water and waste-water treatment, the digitalisation of energy systems and the integration of smart and efficient technologies in cities (smart cities).

Numbers

Equity markets

	March 31st	% March	% YTD
MSCI AC World	3,813.03	-4.51	-2.18
SMI	11,764.20	-3.12	8.60
SPI	323.28	-2.01	8.29
DAX	19,626.45	-1.72	11.32
EuroStoxx 50	4,804.40	-3.94	7.20
EuroStoxx 600 Price Index	510.25	-4.18	5.18
FTSE 100	8,287.30	-2.58	5.01
DOW Transportation	17,618.63	-7.76	-7.23
S&P500	6,032.38	-5.75	-4.59
NASDAQ 100	20,930.37	-7.69	-8.25
Shenzen–Shanghai CSI300	3,916.58	-0.07	-1.21
Emerging Market	1,078.57	0.38	2.41
Nikkei	38,208.03	-4.14	-10.72
Volatilität	13.51	13.50	28.41

Commodities

	March 31st	% March	% YTD
WTI–CrudeOil	68.00	2.47	-0.33
Brent Oil	72.94	2.13	0.13
ThomReuters /JefferiesCRB	286.94	2.47	4.24
Gold	2,643.15	9.30	19.02

LIBOR

	March 31st	% March	% YTD
Saron 6M CHF	0.43	-8.96	-48.23
Euribor 6M	2.70	-0.81	-9.03
SOFR 6M USD	4.38	-1.51	-1.35

Alternative Investments

	March 31st	% March	% YTD
S&P Leveraged Loan TR Index	4,038.34	-0.31	0.48
ILS Advisers Index	237.71	0.83	-0.05
Swiss RE Cat Bond TR Index	462.59	1.45	1.02

Numbers

Currencies

	March 31st	% March	% YTD
EUR/USD	1.0577	4.25	2.15
USD/CHF	0.8810	-2.08	-2.91
USD/JPY	149.7700	-0.44	-4.73
EUR/CHF	0.9320	2.06	-0.86
GBP/CHF	1.1220	0.55	-1.20
CAD/CHF	0.6291	-1.59	-0.30
AUD/CHF	0.5736	-1.48	2.15
JPY/CHF	0.5881	-1.60	2.07
BRL/CHF	0.1480	1.31	0.68
CNY/CHF	0.1215	-1.77	-2.33
INR/CHF	0.0104	0.07	-1.32
RUB/CHF	0.0083	5.45	3.24
TRY/CHF	0.0254	-5.82	-0.74
ZAR/CHF	0.0487	0.00	1.25

Countries / GDP

	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	2023	2024	2025
USA	4.90 %	3.30 %	1.60 %	1.90 %	2.80 %	2.50 %	2.50 %	2.80 %	1.90 %
Euro Area	0.10 %	0.10 %	0.40 %	0.50 %	0.90 %	0.90 %	0.50 %	0.70 %	0.90 %
Japan	-2.10 %	-0.40 %	-2.00 %	3.10 %	0.90 %	2.75 %	1.90 %	0.10 %	1.20 %
China	4.90 %	5.20 %	4.90 %	4.70 %	4.60 %	4.80 %	5.20 %	5.00 %	4.50 %
Schweiz	0.40 %	0.65 %	0.70 %	1.40 %	1.80 %	1.70 %	0.80 %	1.30 %	1.30 %

Countries / CPI

	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	2023	2024	2025
USA	3.60 %	3.20 %	3.20 %	3.20 %	2.60 %	2.70 %	4.10 %	2.95 %	3.00 %
Euro Zone	5.00 %	2.70 %	2.60 %	2.50 %	2.20 %	2.20 %	5.40 %	2.40 %	2.20 %
Japan	3.10 %	2.95 %	2.60 %	2.70 %	2.80 %	2.68 %	3.30 %	2.70 %	2.60 %
China	-0.05 %	-0.30 %	0.00 %	0.30 %	0.50 %	0.20 %	0.20 %	0.20 %	0.55 %
Schweiz	1.65 %	1.60 %	1.20 %	1.40 %	1.10 %	0.80 %	2.10 %	1.10 %	0.50 %

Numbers

Rates

	March 31st	in bps March	in bps YTD
10j. EUR (Swap)	2.16	31.70	29.18
10j. UK (Swap)	3.79	18.81	10.34
10j. CHF (Swap)	0.32	15.55	26.27

Bonds

	March 31st	in bps March	in bps YTD
US Govt 10Y	4.17	-0.20	-36.48
GER Govt 10Y	2.09	33.09	37.19
Swiss Govt 10Y	0.20	12.27	27.34
UK Govt 10Y	4.24	19.30	10.90
IT Govt 10Y	3.28	32.98	34.57
ESP Govt 10Y	2.79	32.73	31.40

Generic iTRAXX

	March 31st	in bps March	in bps YTD
Europe Main	55.74	9.88	5.98
Finl Sen	62.52	11.77	5.37
Finl Sub	110.95	20.77	8.25
X-Over	297.87	39.24	14.82

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