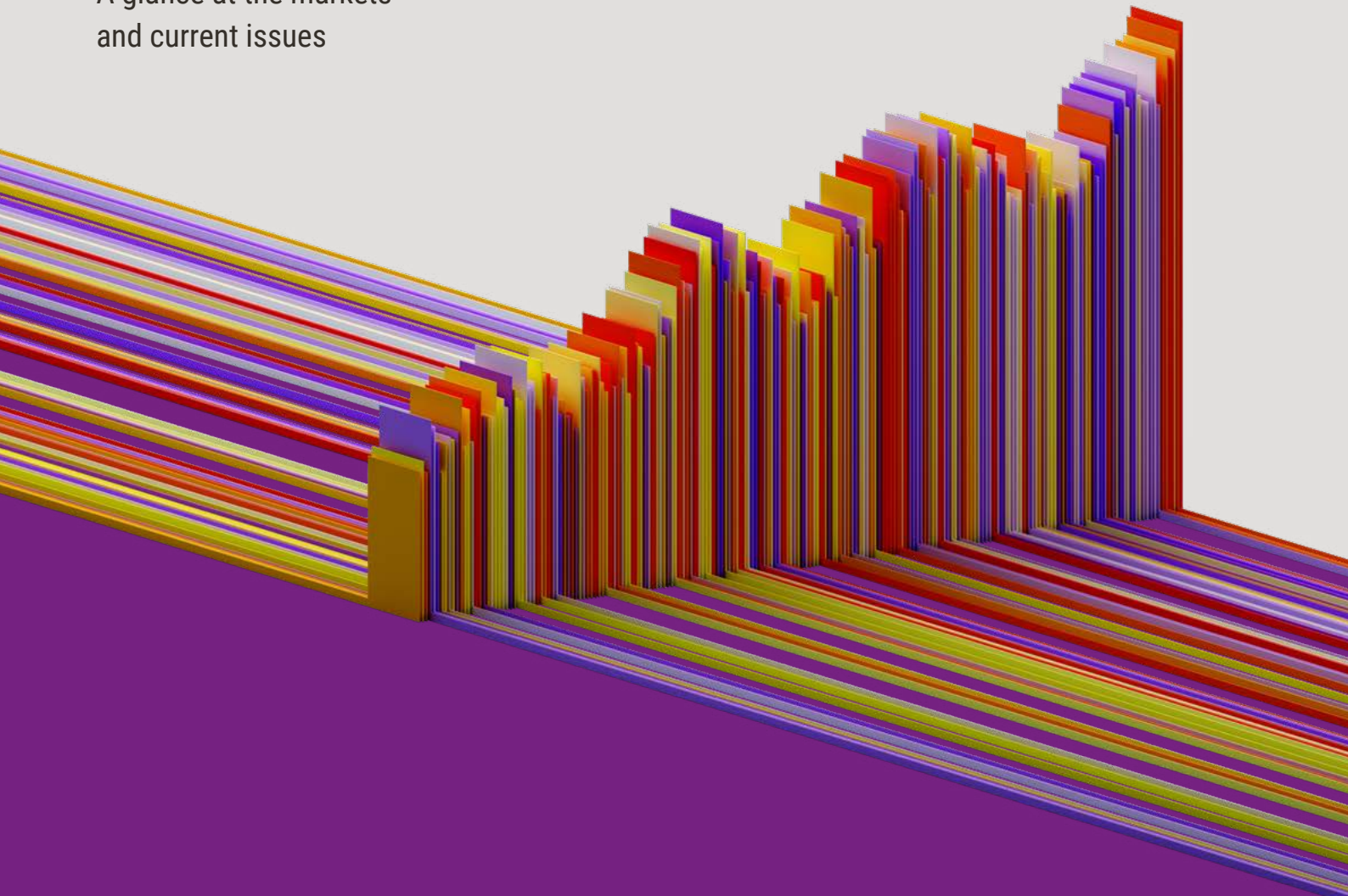


Market Overview 06 | 2025

A glance at the markets
and current issues



Equities

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- Countries invest in stronger growth
- Metals and mining offer opportunities

Fixed Income

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- A good environment for alternative investments
- Large flows of money into hedge funds and private equity

Equities

High prices and high government spending

While developments in the Middle East have been causing renewed uncertainty on the markets, US President Trump's 90-day tariff pause ended on 9 July 2025.

While many are wondering whether the tariffs will actually be implemented or not, politicians around the world have been approving new programs and spending to boost economic growth.

A lack of concern, despite high risks

Overall, a certain nonchalance appears to be propagating across equity markets. Above all the US equity market seems, at first glance, to be valued at almost euphoric levels. It should be noted, however, that the S&P 500 is heavily dominated by big tech stocks, which are in turn driven by the AI megatrend. This development on the capital markets is at odds with the current risk situation: despite uncertainty having increased in recent months, the valuations of many risk investments are still at the upper end of their historical range. The valuations of the most commonly observed equity indices such as the S&P 500 or the MSCI ACWI are not exactly low at the moment. Based on the expected P/E ratios, the S&P 500 is approximately 20 % more expensive than the ten-year average, while the MSCI ACWI is around 14 % above this mark. In the main, prices on credit markets currently appear to be more on the high side than the low side. Credit spreads on global corporate bonds are more than 20 % below their ten-year average.

Global initiatives to boost growth

Governments around the world are facing geopolitical challenges, conflicts and economic headwinds – from high debt levels and sluggish productivity to tight public finances. The most common solution adopted by policy makers has been to stimulate economic growth while also strengthening and protecting domestic industries. This includes investment support in the USA, government interventions in China, infrastructure projects in the Middle East and higher defence spending in Europe. This global dash for growth has been fuelling a “new industrial revolution”, a wave of rapid technological changes driven by artificial intelligence, robotics and clean energy. The result is a potent mix of industrial policy and resource-intensive innovation, against the backdrop of stubborn inflation and fragile supply chains.



Opportunities for investors

Global shocks, from the wars in Ukraine and the Middle East to the consequences of Trump's tariffs, have underscored the strategic importance of critical commodities and gold, as well as the vulnerability of global supply chains. Within this environment, precious metals such as gold have been gaining value for some time, supported by robust physical demand from a range of investors including central banks, family offices and private individuals. Other sub-sectors such as copper and uranium are characterised by a delicate balance between supply and demand, while others such as rare earth metals are experiencing a geopolitical upturn. For investors, undervalued mining stocks combined with highly dynamic demand offer attractive opportunities in a sector that will be crucial for the next phase of global growth.

Strong demand for critical raw materials

The measures put in place to support growth in many countries are expected to result in strong demand for metals. While all commodities will benefit from high infrastructure spending, demand is expected to increase strongly in particular for the critical raw materials that are needed for new technologies, the digital economy and the energy transition.

Metals and mining

Against the backdrop of global efforts to achieve growth, the main issues for the metal and mining sector are:

- Politics: governments are pursuing ambitious but varied growth strategies with a focus on infrastructure, fiscal policy, tariffs, energy security, domestic industries and defence.
- Technology: clean energy, artificial intelligence, digital infrastructure, robotics, aerospace and defence are driving demand for critical metals.
- Supply: the supply of metals is restricted by geology, licensing requirements, ESG criteria and supply-side discipline. Supply chains are being reshaped by reshoring efforts, geopolitics and the concentration of production within particular regions.
- Valuation: many mining companies have strong balance sheets and are significantly undervalued despite capital discipline.

Fixed Income

Alongside the risks, there is also cause for optimism

Photo by Bark Txbdo on Unsplash

Despite the tense situation worldwide, there has also been some good news: key interest rates are falling in Europe and Switzerland, the USA and China have called a temporary truce in the trade war and Germany is in surprisingly good financial shape. Could this justify a more optimistic outlook?

Potential impact of high oil prices

The conflict between Iran and Israel had hardly any impact on the bond markets despite the US military attack. Corporate bond premiums remained low, although considerable risks are looming on the horizon: if Iran were to close the Strait of Hormuz, this would mean that 20-30 % of global oil production could no longer be shipped. This would lead to a significant increase in oil prices and inflation – a major risk for bond yields. Central banks would be forced to raise key interest rates again to curb surging consumer prices. At the moment, the Fed and the ECB are focusing on the economic fundamentals, which are still very stable worldwide. They provided the backdrop for central bank meetings in June.

ECB unlikely to lower interest rates any further

In the wake of the ECB meeting, the markets are now preparing for the end of interest rate cuts. Traders are increasingly betting that the ECB is close to concluding its aggressive cycle of interest rate cuts, after several ECB members made comments to that effect last week. Over the course of the month, the ECB lowered the deposit rate by a quarter of a percentage point to 2 %. At the subsequent press conference, President Christine Lagarde stated that the central bank is well placed to address the current economic uncertainties. She therefore intends to pause the cycle of interest rate cuts. A further interest rate cut will only be considered if the economy continues to weaken or if inflation remains consistently below 2 %. The money markets now estimate the likelihood of a July interest rate cut as being 20 %, having previously been almost 30 %.

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SNB lowers interest rates to zero

The SNB has decided to lower the key interest rates to zero in order to counteract the rise in the value of the Swiss franc coupled with declining inflation. Negative interest rates cannot be ruled out in the coming months if the Swiss economy displays recessionary tendencies. Furthermore, increasing geopolitical tensions could further strengthen the Swiss franc due to its role as an international safe haven currency.

Peace instead of war?

The new trade peace between the USA and China has stoked optimism. US small business confidence improved significantly in May, supported by the de-escalation of trade disputes between Washington and Beijing. However, optimism was dampened by rising uncertainty over the economic outlook, particularly due to Donald Trump's tax plans. The National Federation of Independent Business (NFIB) reports that its Small Business Optimism Index rose by three points to 98.8 last month. This represents the first increase since December. The tariff reductions significantly helped to improve sentiment, with the

Trump Administration slashing tariffs on Chinese goods from 145 % to 30 % – a move that is likely to have led small businesses to anticipate higher sales. The proportion of small businesses expecting higher adjusted sales volumes increased by 11 points to 10 %.

With Trump, uncertainty continues to reign

A rising share of companies are feeling optimistic about better business conditions in the near future. However, there are increasing signs that the US labour market is weakening. The share of companies identifying "workforce quality" as the greatest challenge fell to a level last observed in the spring of 2020. The percentage of companies paying higher wages also fell to the lowest level since the start of 2021. The NFIB Uncertainty Index rose by two points to 94, indicating that businesses remain cautious about the broader economic environment. For example, the US Congress has still not approved Trump's tax plans. As a result, uncertainty is increasing due to the obstacles facing the tax reform agenda: Trump's "Big Beautiful Bill", a central plank of his economic policy agenda, was narrowly passed by the House of Representatives last month. However, the

proposal is facing significant resistance in the Senate, particularly among conservative Republicans who fear that it could lead to a further increase in the already substantial national debt.

US households tightening their belts

US consumer prices rose by 0.1 % in May compared to the previous month, with core inflation also increasing by 0.1 %, as the impact of tariffs was offset by broader price falls. Thus, once again the May inflation figures came in lower than expected, showing more clearly how tariffs and changes in consumer behaviour have been affecting the economy. The overall index (CPI) increased by 0.1 % compared to April. This was lower than economists had been forecasting, and nudged the annual rate up to 2.4 %. Core inflation, excluding food and energy, also rose by 0.1 %, thus leaving the annual rate unchanged at 2.8 %. The impact of the tariffs was visible specifically where analysts had been expecting it. Prices of tariff-intense goods such as household appliances, flooring and audio equipment rose once again, with audio equipment for example becoming 1.6 % dearer following a previous increase of 8.8 % in April. These increases were more than offset by falls in the cost of other items in the shopping basket. New cars fell in price by 0.3 % and used cars by 0.5 % – an indication of sluggish demand for expensive purchases. The cost of flying fell by 2.7 %, marking the fourth consecutive month of declines, hotel prices dropped by

0.1 % and various leisure services became cheaper – all indicating that households are becoming more cautious about non-essential spending. The energy sector acted as a drag on overall inflation, with petrol prices falling by 2.6 % and energy prices down overall by 1 %. Higher electricity costs (+0.9 %) and a 0.3 % rise in retail spending were only able to partially offset the downward trajectory. Housing cost inflation also eased as rents for main residences increased by 0.2 %, while owner’s equivalent rents rose by 0.3 %. This brought the annual increase in housing costs to 3.9 %, the lowest level since the end of 2021.

Tariffs have not yet led to inflation

Tariffs have been having a deflationary effect so far. The Fed expects higher tariff-related price pressure to hit later in the summer, although momentum remains subdued for now. The moderate inflationary outlook has given traders scope to place somewhat larger bets on further interest rate cuts by the end of the year. However, market expectations remain within the bounds of the Fed’s two-step approach, showing how closely investors and central banks are aligned in terms of their forecasts for a “Goldilocks” growth-price dynamic. The monthly labour market report revealed major resilience, despite the increasing pressure on wages. However, it remains to be seen how inflation will develop in the USA over the coming months.

Government bonds in the Eurozone

The historically narrow spreads on peripheral government bonds in the Eurozone could widen again. Meanwhile, the yields on German government bonds are likely to remain on firm ground thanks to Germany’s good fiscal position and its growing status as a safe haven.



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kredite@tellco.ch
t 058 442 41 01

Indicative interest rates* as of July 2025

	3 Years	1.00 %
Fixed-rate mortgage	5 Years	1.15 %
	7 Years	1.30 %
	10 Years	1.50 %
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

Alternative investments

A strategy for long-term resilience?

At a time when the global investment environment is marked by uncertainty and low economic growth, where traditional markets are volatile and increasingly influenced by political shifts, alternative investments can play a crucial role as a strategy for long-term resilience.

Private debt

According to Crowdfund Insider, private debt funds globally raised USD 58.6 billion across 47 final closes in Q1 2025, marking a 22 % increase on the previous year. This robust fundraising reflects investors' continued confidence in this asset class. However, since capital is increasingly concentrating on large direct lending funds, spreads have decreased and credit protection has weakened. Investors are therefore shifting towards loans without sponsors, asset-backed financing and capital solutions in order to achieve better risk-adjusted returns. The share of mezzanine financing in fundraising for private corporate entities is higher than 28 %, more than double the five-year average. Funds for special situations are gaining traction, while non-performing loans have declined. Despite macroeconomic uncertainties and higher interest rates, private bonds remain resilient, offering attractive returns and a lower correlation to public markets. Interest is growing in evergreen funds and other flexible vehicles aside from traditional closed-end structures.

Private equity

According to EY, private equity firms started the year with strong momentum and invested a significant proportion of the total USD 1.6 trillion in dry powder throughout the sector: transaction volume increased by 45 % in Q1 compared to the previous year. Companies are focusing on operational improvements, exploring sectors such as aerospace and defence and looking for strategic exit opportunities. Some are focusing on higher-quality assets and using less debt within takeovers. By holding investments for longer periods and avoiding costly refinancing, investors are focusing on capital preservation and operational resilience. Exit opportunities are becoming more limited and many companies are exploring continuation vehicles and secondaries. Within the current environment characterised by higher interest rates and longer holding periods, operational excellence, business strategy and targeted sector selection are crucial for higher returns.



Hedge funds

The first half of 2025 was characterised by economic uncertainty, geopolitical risks and high valuations, resulting in increased volatility. According to Aurum, successful strategies from 2024 performed below average at the start of 2025, whereas previously weak strategies performed strongly. The hedge fund industry recorded a net inflow of USD 12.6 billion during Q1, with total industry assets increasing due to positive net gains. Hedge funds achieved positive returns, performing better than equities but worse than bonds. Looking forward to the second half of the year, the environment and the opportunities for hedge funds will be more favourable than they have been in the last ten years. The positive alpha environment, characterised by lower pairwise correlation and greater diversification across markets, will be particularly beneficial for equity-hedge and event-driven strategies.

Infrastructure

Demand for digital infrastructure such as data centres and fibre optic networks is continuing to rise due to AI and the need for greater connectivity. Investments in renewable energies, battery storage and smart networks are increasing. Infrastructure investments of this type have proved to be resilient, with some segments performing better at the start of 2025. The value of private equity transactions in the infrastructure sector increased during Q1 of 2025, posting a strong increase compared to the previous year. Investments in battery storage have tripled since 2021, with for instance a significant battery storage project in Canada attracting financing of CAD 538 million. Although a weak economy represents a risk for the energy and transport sectors, valuations in the private infrastructure sector have stabilised, thus offering attractive entry opportunities.

Sources:

- Morningstar: Q2 2025 Global Market Analysis – Q2 2025 Global Market Observer
- HarbourVest: 2025 Midyear Outlook
- CBRE: Infrastructure Quarterly: Q1 2025
- InfraRed Capital Partners: Infrastructure Strategic Outlook H2 2025
- EY: Private Equity Pulse: key takeaways from Q1 2025. https://www.ey.com/en_us/insights/private-equity/pulse
- Aurum: <https://www.aurum.com/hedge-fund-data/hedge-fund-industry-deep-dive/hedge-fund-industry-performance-deep-dive-q1-2025/>

Tellco-Products

Tellco Classic

	ISIN	Tranche	June 30st	% June	% YTD	Web
Tellco Classic II Global Equities**	CH0443816621	V	243.76	1.42	-3.63	More Infos
Tellco Classic Swiss Equities ESG	CH0421075018	V	196.81	-1.42	6.80	More Infos
	CH0421074961	R	113.78	-1.46	6.57	
Tellco Classic Best Idea ESG	CH0442770316	V	110.48	3.70	-2.88	More Infos
Tellco Classic Best ESG	CH0442615701	R	119.22	3.69	-2.88	More Infos
Tellco Classic Sustainable Heritage ESG	CH0583763542	V	72.76	0.57	-6.51	More Infos
	CH0583763534	R	64.20	0.55	-6.62	
Tellco Classic Bonds CHF ESG	CH0421043669	V	105.65	-1.07	-0.98	More Infos
	CH0421043594	R*				
Tellco Classic Bonds in foreign currency ESG	CH0421043768	V	84.22	-0.50	-1.88	More Infos
	CH0421043743	R*				
Tellco Classic Bonds in foreign currency hedged ESG	CH0469074956	V	89.75	-0.19	-0.40	More Infos
	CH0469074865	R	80.81	-0.19	-0.38	
Tellco Classic Inflation Protection ESG	CH1101347354	V	92.95	0.25	-0.92	More Infos
	CH1101347347	R*				
	CH0544465831	V	152.19	2.62	6.96	
Tellco Classic Aktien Alkimia ESG	CH0544465823	R	143.56	2.59	6.78	More Infos
	CH1116144333	P	111.49	2.61	6.93	

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

Tellco Classic Strategy

	ISIN	Tranche	June 30st	% June	% YTD	Web
Tellco Classic Strategy 10	CH0450199770	V	123.82	-0.43	0.17	More Infos
	CH0544445619	R*				
Tellco Classic Strategy 25	CH0450201261	V	134.82	-0.23	0.68	More Infos
	CH0544465658	R				
Tellco Classic Strategy 45	CH0450201329	V	154.24	-0.08	1.47	More Infos
	CH0544465757	R*				
Tellco Classic Strategy 100	CH0450382632	V	140.75	0.39	3.54	More Infos
	CH0544465773	R	88.22	0.39	3.54	

* Not yet launched

The Tellco Top Products

Top-Performer



Tellco Classic Best Idea

The Tellco 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



Tellco Classic Sustainable Heritage

The Tellco 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

	June 30st	% June	% YTD
MSCI AC World	4,101.52	4.70	9.84
SMI	11,921.46	-2.50	2.76
SPI	340.31	-1.81	6.56
DAX	23,909.61	-0.37	20.09
EuroStoxx 50	5,303.24	-1.18	8.32
EuroStoxx 600 Price Index	541.37	-1.33	6.65
FTSE 100	8,760.96	-0.13	7.19
DOW Transportation	15,394.51	4.82	-3.15
S&P500	6,204.95	4.96	5.50
NASDAQ 100	22,679.01	6.27	7.93
Shenzen-Shanghai CSI300	3,936.08	2.50	0.03
Emerging Market	1,222.78	5.65	13.70
Nikkei	40,487.39	6.64	1.49
Volatilität	16.73	-9.91	-3.57

Commodities

	June 30st	% June	% YTD
WTI-CrudeOil	65.11	7.11	-9.22
Brent Oil	67.61	5.81	-9.42
ThomReuters /JefferiesCRB	297.28	2.36	0.19
Gold	3,303.14	0.42	25.86

LIBOR

	June 30st	% June	% YTD
Saron 6M CHF	-0.10	34.68	-134.37
Euribor 6M	2.05	-0.97	-20.21
SOFR 6M USD	4.15	-2.79	-2.43

Alternative Investments

	June 30st	% June	% YTD
S&P Leveraged Loan TR Index	4,176.16	0.83	2.81
ILS Advisers Index	240.26	0.71	1.38
Swiss RE Cat Bond TR Index	532.14	0.89	2.77

Numbers

Currencies

	June 30st	% June	% YTD
EUR/USD	1.179	3.88	13.84
USD/CHF	0.793	-3.56	-12.60
USD/JPY	144.030	0.01	-8.38
EUR/CHF	0.935	0.17	-0.56
GBP/CHF	1.089	-1.59	-4.08
CAD/CHF	0.583	-2.70	-7.64
AUD/CHF	0.522	-1.29	-7.05
JPY/CHF	0.551	-3.56	-4.43
BRL/CHF	0.146	1.39	-0.68
CNY/CHF	0.111	-3.06	-10.93
INR/CHF	0.009	-3.24	-12.04
RUB/CHF	0.010	-4.70	26.31
TRY/CHF	0.020	-5.01	-22.10
ZAR/CHF	0.045	-1.97	-6.86

Countries / GDP

	2025	2026	2027
USA	1.50 %	1.50 %	1.60 %
Euro Area	1.00 %	1.00 %	1.10 %
Japan	0.80 %	0.80 %	0.80 %
China	4.55 %	4.55 %	4.20 %
Schweiz	1.10 %	1.10 %	1.40 %

Countries / CPI

	2025	2026	2027
USA	2.90 %	2.80 %	2.35 %
Euro Zone	2.00 %	1.80 %	2.00 %
Japan	2.80 %	1.80 %	2.00 %
China	0.20 %	1.00 %	1.50 %
Schweiz	0.30 %	0.60 %	0.90 %

Numbers

Rates

	June 30st	in bps June	in bps YTD
10j. EUR (Swap)	2.61	10.56	24.36
10j. UK (Swap)	3.98	-14.56	-8.69
10j. CHF (Swap)	0.53	17.22	14.62

Bonds

	June 30st	in bps June	in bps YTD
US Govt 10Y	4.23	-17.34	-34.21
GER Govt 10Y	2.61	10.57	24.02
Swiss Govt 10Y	0.41	17.21	13.67
UK Govt 10Y	4.49	-15.73	-7.69
IT Govt 10Y	3.48	-0.38	-4.56
ESP Govt 10Y	3.24	15.03	18.32

Generic iTRAXX

	June 30st	in bps June	in bps YTD
Europe Main	54.51	-3.28	-3.14
Finl Sen	58.73	-3.08	-5.05
Finl Sub	100.95	-6.20	-11.17
X-Over	282.54	-17.51	-30.52

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