

Market Overview 11/2025

A glance at the markets
and current issues

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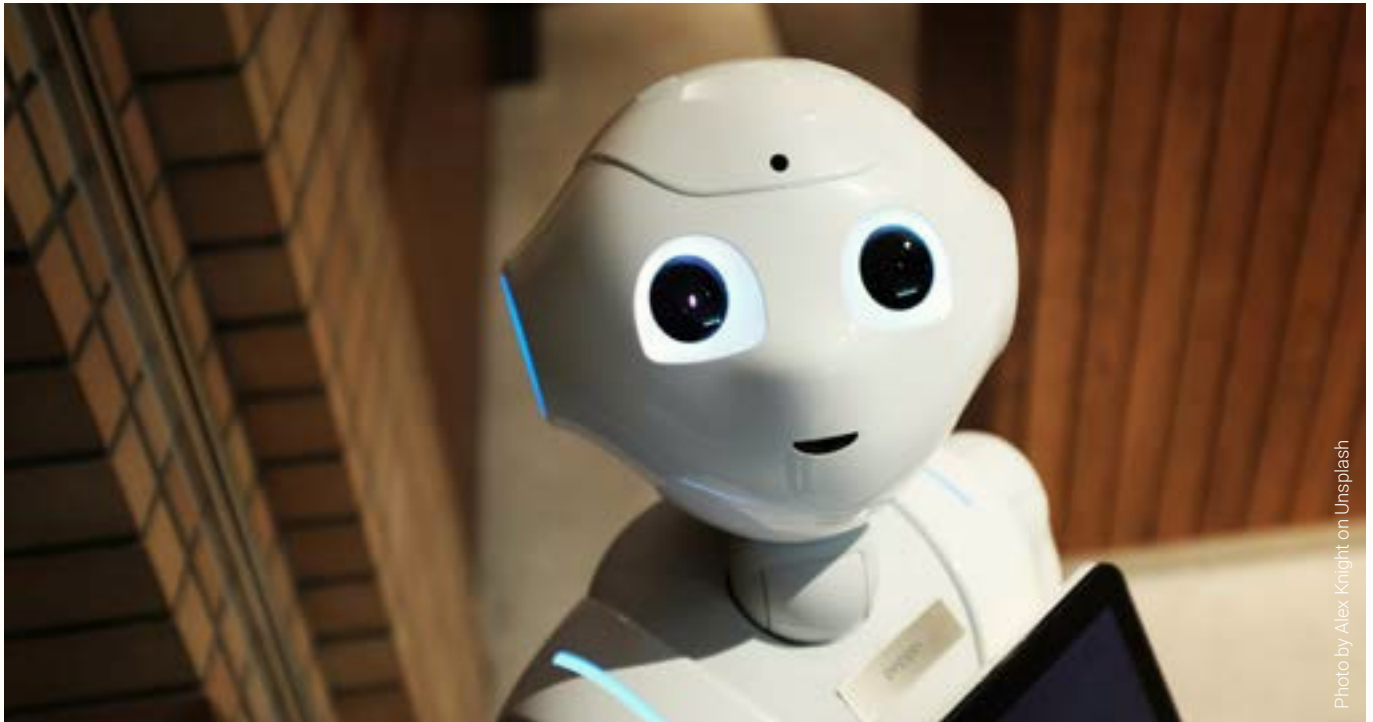
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Yet more records for big tech



Equities are reaching further record highs. The key factors behind this are the Fed's interest rate policy and the profits of major technology companies, supported by progress in the trade talks between China and the USA, along with a further decline in volatility.

The global economy thus appears more resilient as the year-end approaches than many had expected. Low energy prices, robust consumer spending and strong corporate profits – especially in the USA – are providing positive momentum. At the same time, falling interest rates are buoying the equity markets. Nevertheless, the environment has become more complex. The Swiss equity markets were recently under pressure, due in particular to negative news from Roche and Novartis.

Super Wednesday 29 October

It is hardly possible to overestimate how crucial the last Wednesday in October could be for the final phase of this year on the equity markets. The major US equity indices had already risen to new record highs before the US Federal Reserve decided on 29 October, as expected, to implement a rate cut of 25 basis points. In addition, a number of large tech companies announced their profits after the close of the stock exchange, including Microsoft, Alphabet, Apple and Meta. In this context, further confirmations were sought that these companies can monetise the potential of artificial intelligence, and investigations conducted as to whether the profits of the technology companies justify their current valuations.

Equities and commodities**A few tech stocks continue to dominate**

Incredibly, the S&P 500 passed the 6,900-point mark, although 400 of the 500 stocks in the index closed in the red. This means that the equities of about 80% of the companies involved suffered price losses; yet, the S&P 500 still rose. Big tech continues to dominate everything. In light of these new record highs, it does not seem strictly necessary for the Fed to lower interest rates further. And so there is a certain nervousness regarding Fed Chair Jerome Powell's tone at his press conference. His outlook on the rest of the year rather spoiled the positive sentiment, as he stressed that a rate cut in December was "not a foregone conclusion."

**Commodity prices are normalising**

There was significant profit-taking in the commodities sector, with gold losing about 8% compared with its peak prices of mid-October (USD 4,356 per ounce). Silver is still in a correction phase. Since 16 October, the price has lost around 11% after previous strong increases, but most quick sales seem to have been completed. In the past few days, we recorded the largest weekly outflow from ETFs in gold since 2022, but on 28 October, the lowest daily outflow since the beginning of the price drop. Taking the inflows as an indicator of the trading activity of private investors, it is quite possible that the weakest of the lot have already reduced their positions. There is no reason why central banks from industrialised or emerging market countries should become large sellers now. Overall, it is therefore possible that the worst is almost over, as the situation is similar to that following previous rate cuts by the Fed. This means that the low has not yet quite been reached, but is not likely very far off.

The global economy is holding its own



Credit spreads remain at historic lows. The reasons for this can be found in excess liquidity in the financial markets, in the robustness of the global economy, and in the confidence in a new world order, led by cryptocurrencies and artificial intelligence.

The yield on 10-year US government bonds has fallen below 4%, indicating that investors have understood that the Fed is pursuing an accommodating monetary policy and will be ending quantitative tightening (QT). The government shutdown delayed important economic data. Consequently, the Fed decided to cut the key interest rate by 25 basis points to 4% for risk reasons. September core inflation was close to 3% and thus still above the 2% target, suggesting that the U.S. economy may be slowing down less than many had presumed. The likelihood of a sudden surge in inflation is low – if there is a surprise, it is more likely to be in the labour market than in prices. The Fed has communicated calmly and emphasised that the economy remains resilient despite previous interventions.

Fixed Income**More leeway for the Fed**

The lower inflation in the USA gave the Fed a freer hand in easing monetary policy in October. Core inflation in the country weakened in September: the core consumer price index excluding food and energy rose by only 0.2% compared to the previous month – the lowest increase in three months – and was up 3% year on year. The overall index also slowed; up 0.3% compared to August and 3% compared to the previous year. These figures provide a certain degree of relief, but are not enough for complete peace of mind. They allow for cautious easing while the persistently high services inflation remains a focal point.

France is getting back on track politically

A budget compromise in France has become more likely since the second government under Prime Minister Lecornu proposed suspending the pension reform until the 2027 presidential election. The Socialist Party welcomed the proposal and confirmed that it would abstain from voting in the no-confidence motion. The risk of another government collapse (which could possibly lead to early parliamentary elections) therefore seems to be averted for the time being. The government submitted the draft budget just in time for parliament to vote on it before the end of the year. This has reduced the likelihood that France will start next year with a frozen budget through special legislation.



Analysts assume that the government will make further concessions in the course of parliamentary negotiations. Indeed, Prime Minister Lecornu has already admitted that the deficit target could be raised from 4.7% to 5% of GDP. The suspension of pension reform until the 2027 presidential election will have only a limited impact on the short-term budgetary prospects. The risks rather indicate a longer-term suspension, which would burden the budget situation in the medium term significantly. According to estimates, a permanent suspension of pension reform would increase the deficit by 0.5% of GDP by 2035. As a result, public debt could increase by 3 to 4 percentage points over the next 10 years and stabilise at around 130% of GDP.

Fixed Income**Financially, however, things look bleaker**

The rating agency S&P downgraded France to A+ with a stable outlook in an unscheduled measure in October. Given that Fitch's rating is already A+, France is now rated A+ by two of the major agencies, which is likely to result in it being excluded from the government bond indices that are exclusively rated AA. This could lead to moderate passive outflows. S&P cites the persistently high uncertainty regarding public finances, despite the submission of the draft budget for 2025, as well as the political background of the 2027 presidential elections as its reasons. The agency forecasts a debt ratio of around 121% by the end of 2028. The stable outlook indicates that the risk of further short-term downgrades is limited, provided there is no significant deterioration compared to S&P's base scenario.

This is the biggest slump since March 2022, when the economic consequences of the Russian invasion of Ukraine became noticeable.

German industry notices the impact of US tariffs

The German industrial sector suffered a setback in August; the Federal Statistical Office reported a decline in industrial production of 4.3% compared to the previous month. This is the biggest slump since March 2022, when the economic consequences of the Russian invasion of Ukraine became noticeable. It exceeded analysts' expectations, which had predicted a decline of only 1%. The less volatile three-month moving average shows a similar picture. Industrial production was 1.3% lower in the period from June to August than in the previous three months. The automotive industry, Germany's largest industrial sector, recorded a sharp decline in production of 18.5% in August. The main reasons for this were annual company holidays and production changes. The downturn was additionally exacerbated by weak demand, especially from the USA. US customers had moved faster with their purchases of German cars in the preceding months to avoid potential tariffs. As this demand is now declining, German manufacturers are clearly feeling the consequences.

IMF warns of rising debt

The International Monetary Fund confirmed the unexpected resilience of the global economy, despite a series of shocks such as trade wars, monetary tightening, and geopolitical tension. The institution expects global economic growth to decline slightly to around 3% in 2025-26, from its pre-pandemic level of 3.7%. It emphasises that the USA was able to avoid a recession thanks to a flexible private sector and continued loose financial conditions. However, it warns of a period of extraordinary uncertainty, characterised by an increase in the price of gold (to over USD 4,000 per ounce), valuations comparable to those of the dotcom bubble in 2000, and the risk of a bubble in the area of artificial intelligence. The US tariffs originally announced at 23% are now 17.5%. International responses remain cautious. There could be another round of tariffs if the higher costs are passed on to consumers through inflation. Furthermore, the IMF highlights the dangers of global debt, which is expected to exceed 100% of global GDP by 2029, and calls for structural reforms, such as through debt reduction and fiscal consolidation, boosting private productivity or strengthening rule of law and competition.

Fixed Income**The role of the eurodollar market**

Global financial assets amount to approximately USD 480 trillion. The M2 money supply in the US amounts to only around USD 22 trillion, which is approximately 4.6% of global financial assets. The dollar is the dominant currency for international transactions and debt. This leads to a situation in which there are huge amounts of assets available in the world, but only relatively small amounts of US dollars are



available as liquid funds to purchase these assets – especially in times of crisis, when the demand for safe investments increases. At the centre is the “eurodollar” market, a network for US dollars based outside the USA, whose volume is estimated at USD 17 to 20 trillion and which operates largely outside the control of the Fed. This makes the global financial landscape particularly susceptible to liquidity shortages in US dollars when uncertainty and anxiety increase in the markets. In times of confidence, the eurodollar market promotes global liquidity. In times of crisis, it becomes a risk amplifier, as borrowers must repay their debts in US dollars, lenders demand cash, and dollars “disappear” when repayments are made. This vicious circle leads to a shortage of dollars, forcing the players to liquidate their assets in order to obtain foreign currency. This development accelerates on its own – like a landslide triggered by a single grain of sand in an already unstable system. This possible scenario shows the non-linear vulnerability of the global framework; we live in a world that is full of dollar debt, but structurally suffers from a lack of liquid dollars. Therefore, the risks lie with assets in US dollars. On the other hand, it should be added that the high level of issuing activity in the bond markets currently indicates a stable liquidity situation – not least because risk premiums remain at historic lows.

Litigation Finance



In the constantly changing environment of alternative investments, private debt (or private credit) has now established itself as an essential part of institutional portfolios. A special niche is occupied by litigation finance, the financing of legal disputes.

Private credit funds operate outside the public markets: instead of acquiring listed bonds, they provide direct loans to unlisted companies or for specific projects. In return, they receive regular interest payments, which are typically linked to market interest rates, as well as additional compensation for illiquidity and credit risk. Investors thus benefit from higher returns than in the traditional credit segment, but must accept longer investment horizons (5-10 years) and a less transparent market. Various strategies can be distinguished within private credit, with each one having a different risk-return profile.

The unconventional face of private debt

Litigation finance, or the financing of legal disputes, is currently emerging as a niche of private debt that combines returns, diversification and social impact. Although it belongs to the private credit universe, litigation finance is characterised by its atypical nature. It does not use capital to finance the growth of a company or a transaction, but to cover the legal costs of civil or commercial proceedings. In return, investors usually receive 20% to 40% of the possible compensation or settlement. If the proceedings are lost, they also lose their invested capital – it is therefore a non-recourse investment with a risk-return profile that corresponds to a subordinated loan with a binary payout profile.

Alternative investments**A special alternative to alternative investments**

At its core, litigation finance has similar characteristics to private debt in that it is illiquid, requires a medium to long-term investment horizon and is based on a careful risk assessment. However, the traditional credit risk involved is replaced by a legal risk. While the credit manager focuses on assessing the creditworthiness of a company, the litigation finance manager evaluates the chances of success of a lawsuit, the evidence situation, the competent court and the defendant's ability to pay.

Two main strategies can be identified.

1. **Single-case funding:** Funding of an individual, often high-volume case, such as patent infringements or international trade arbitration proceedings. The content of such disputes can vary greatly and ranges from sports disputes, data protection and antitrust cases, to mass actions, personal injury, working hours disputes and whistleblower proceedings.
2. **Portfolio funding:** Now more common amongst institutional investors, in this case a fund finances dozens or hundreds of cases simultaneously, thereby reducing the volatility of outcomes and creating a more regular flow of earnings.

In both cases, the same logic applies as with a loan portfolio: diversification, selection and active risk management are crucial.

Returns and diversification

Litigation finance funds typically offer target returns of 12-20% p.a. (in USD, gross) with an investment horizon of five to eight years. However, its particular appeal for institutional investors lies not only in the amount of returns, but above all in the low correlation to traditional markets. This is because the outcome of a dispute does not depend on interest rate movements or equity volatility, nor on the economic cycle, but on legal and procedural factors. In a private debt portfolio that is predominantly focused on corporate or tangible asset strategies, the inclusion of a legally oriented component can reduce overall volatility and improve the risk-return ratio, i.e. risk efficiency, as this component contributes to further diversification and a more stable yield structure. From a cash flow perspective, litigation finance behaves similarly to an event-driven credit strategy: capital outflows occur gradually to cover the legal costs, while the returns are not continuous but are tied to specific events – namely to positive court judgements or out-of-court settlements that trigger the income.

Alternative investments**Risks and operational challenges**

Litigation finance is highly complex. The main risk lies in an incorrect assessment of the prospects of success. Given that each case is unique, legal risks are difficult to standardise. Another challenge is the time factor: proceedings can take many years and experience unpredictable delays, which can affect the fund's liquidity. Finally, the regulatory framework is still inconsistent: while the UK, the USA and Australia have clear regulations, practice in many European countries is still under development – although case law is increasingly opening up room for manoeuvre. In Switzerland, several law firms are already collaborating with global litigation finance funds to structure cross-border transactions. This opens the door for a cooperation model between institutional capital, legal expertise and global market participants, similar to London or New York.

**Complementary component for institutional investors**

In institutional portfolios, litigation finance represents a complementary expansion of private debt, unlocking new sources of uncorrelated returns and introducing an entirely idiosyncratic source of income. Despite the specific risks, this strategy offers an interesting combination of return potential, social benefits and diversification effects.

Sources

- Future market insights (2025): "Litigation Funding Investment Market – Trends & Forecast 2025 to 2035", <https://www.futuremarketinsights.com/reports/litigation-funding-investment-market>
- Law Business Research Ltd (2021): "Third Party Litigation Funding Law Review"

Strong Fund Performance

Strong Performance of our Tellco Classic Strategy 100 Fund

Once again in 2025, it becomes clear: a clear strategy and disciplined management pay off. Our Tellco Classic Strategy 100 Fund achieved a performance of 9.40% by the end of October 2025 after deduction of all costs – and is thus well on track to outperform its peers once again.

Above Average in the 3-Year Comparison

Over a 3-year period, the fund has achieved a significant excess return compared to similar strategy funds. This confirms our investment approach and the commitment of our investment team to deliberately seize market opportunities and consciously manage risks.

What Sets Our Approach Apart

- Broad diversification across asset classes, regions and sectors, with a current overweight in Emerging Markets and European equities
- Active tactical management in dynamic market phases
- Focus on quality and sustainability in stock selection

We are proud of this strong performance and remain convinced that our approach will continue to create sustainable added value for our pension clients in the future.

Disclaimer

Past performance is not a reliable indicator of future results.

Tellco Bank Ltd – your partner for property loans

As an occupational pension benefits and asset specialist, we are also happy to support you in financing and purchasing the property of your dreams. Our comprehensive offers put you and your needs at the centre of our work, and we offer you tailor-made solutions for your own home.

Tellco Bank Ltd is a FINMA-supervised Swiss bank headquartered in Schwyz.

Our financing specialists will be happy to advise you personally. Contact us.

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Indicative interest rates* as of November 2025

Fixed-rate mortgage	3 Years	1.00 %
	5 Years	1.10 %
	7 Years	1.25 %
	10 Years	1.45 %
SARON mortgage**	SARON + 0.80 % Marge	

* 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.

Tellco Products



Tellco Products

Tellco Classic

	ISIN	Tranche	October 31st	% Oct.	% YTD	Web
Tellco Classic II Global Equities	CH0443816621	V	268,74	2,82	6,25	
Tellco Classic Swiss Equities ESG	CH0421075018	V	201,42	1,66	9,30	Mehr Infos
	CH0421074961	R	114,28	-0,10	7,03	
Tellco Classic Best Idea ESG	CH0442770316	V	125,96	4,08	10,72	Mehr Infos
	CH0442615701	R	135,93	4,08	10,73	
Tellco Classic Sustainable Heritage ESG	CH0583763542	V	81,63	3,97	4,88	Mehr Infos
	CH0583763534	R	71,98	3,96	4,70	
Tellco Classic Bonds CHF ESG	CH0421043669	V	106,86	0,06	0,15	Mehr Infos
	CH0421043594	R*	–	–	–	
Tellco Classic Bonds in foreign currency ESG	CH0421043768	V	84,41	0,18	-1,65	Mehr Infos
	CH0421043743	R*	–	–	–	
Tellco Classic Bonds in foreign currency hedged ESG	CH0469074956	V	89,75	0,58	-0,40	Mehr Infos
	CH0469074865	R	79,20	-1,42	-2,37	
Tellco Classic Inflation Protection ESG	CH1101347354	V	92,43	0,40	-1,47	Mehr Infos
	CH1101347347	R*	–	–	–	
Tellco Classic Aktien Alkimia ESG	CH0544465831	V	160,34	1,90	12,69	Mehr Infos
	CH0544465823	R	151,19	1,96	12,45	
	CH1116144333	P	117,46	1,91	12,66	

* Not yet launched

Tellco Classic Strategy

	ISIN	Tranche	October 31st	% Oct.	% YTD	Web
Tellco Classic Strategy 10	CH0450199770	V	126,33	0,81	2,20	Mehr Infos
	CH0544445619	R*	–	–	–	
Tellco Classic Strategy 25	CH0450201261	V	138,47	1,29	3,41	Mehr Infos
	CH0544465658	R	–	–	–	
Tellco Classic Strategy 45	CH0450201329	V	159,36	1,12	4,84	Mehr Infos
	CH0544465757	R*	–	–	–	
Tellco Classic Strategy 100	CH0450382632	V	148,75	1,67	9,42	Mehr Infos
	CH0544465773	R	86,53	-5,64	1,56	

* Not yet launched

Note

Tranche R: This share class is intended for private and qualified investors.

Tranche V: This share class is reserved exclusively for tax-recognised Swiss pension institutions (e.g. pension funds, vested benefits and pillar 3a foundations).

Numbers

Numbers

Countries / GDP

	2025	2026	2027
USA	1,90 %	1,90 %	1,80 %
Euro Area	1,30 %	1,30 %	1,10 %
Japan	1,10 %	1,10 %	0,70 %
China	4,80 %	4,80 %	4,30 %
Switzerland	1,10 %	1,10 %	1,20 %

Countries / CPI

	2025	2026	2027
USA	2,80 %	2,90 %	2,50 %
Euro Area	2,10 %	1,80 %	2,00 %
Japan	3,00 %	1,80 %	1,95 %
China	0,00 %	0,80 %	1,00 %
Switzerland	0,20 %	0,60 %	0,80 %

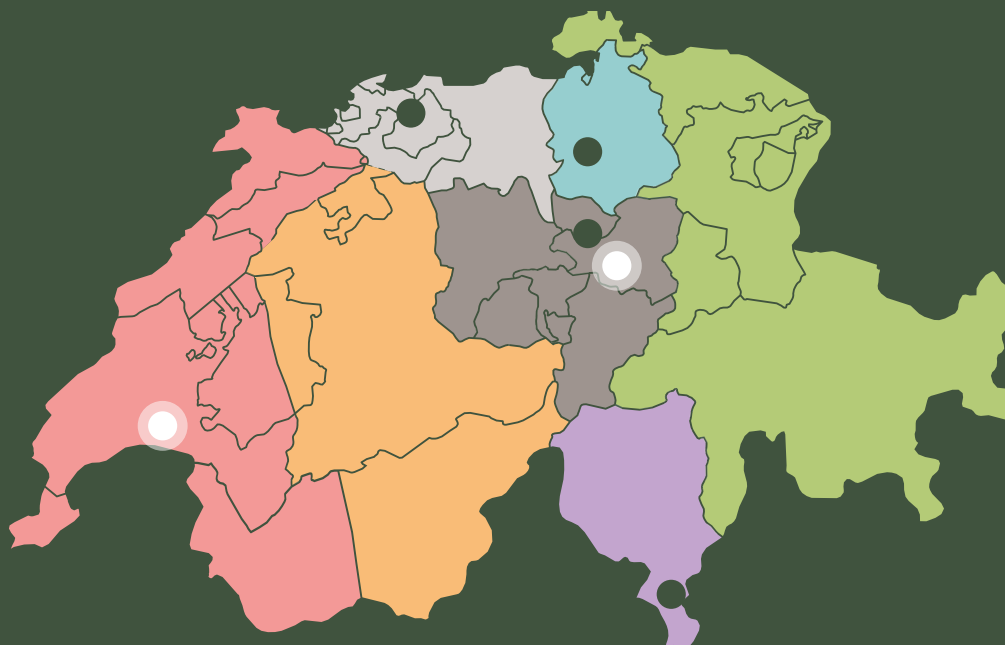
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