

## Market Overview

### 02/2026

A glance at the markets  
and current issues

#### Equities and commodities

02

- A good year for equities
- Double-digit gains on many indices
- Precious metals still in demand

#### Fixed Income

05

- Situation stable despite many uncertainties
- Falling interest rates and rising debt
- Outlook for 2026

#### Alternative investments

09

- Positive performance in most investment categories
- Careful manager selection still key
- With diversification against geopolitical risks

# Year in Review 2025



**Overall, 2025 was a favourable year for the stock markets. There was a constructive environment for nearly all investment categories, supported by robust global growth, rising liquidity, continued optimism around AI as well as further interest rate cuts by major central banks.**

However, the year was marked by several notable disruptions: the announcement of the global US tariffs at the beginning of April resulted in at times significant market upheaval, while the German government's decision to pursue a comprehensive fiscal stimulus programme marked a significant shift in German economic policy. Nonetheless, equity markets proved to be very robust, and all major indices in the USA, Europe and the emerging markets managed to post significant gains.

**Equities and commodities****Hard test for the global economy**

The global economy faced significant challenges last year. It was a year of upheaval, geopolitical reorientation and economic uncertainty. Whereas old structures continue to erode, new ones are starting to take shape. The economy has been doing quite well so far, although much seems to depend on the AI boom: we need to adapt to the new reality, characterised by artificial intelligence, high debt and geopolitical tensions.

**Double-digit growth for major indices**

Global equity indices closed with double-digit gains for the third year in a row. The growth above 20% achieved by the MSCI All Country World Index was preceded by gains of 15.7% and 20.1% in 2024 and 2023 respectively. Chinese markets were the only ones to take a breather, despite massive injections of liquidity from the People's Bank of China. US markets withstood the increasing stress on the money market, triggered by sharply declining bank reserves. This is because the Fed has been withdrawing liquidity from the banking system for some time in order to offset the recent – and potentially inflationary – interest rate cuts.

**Robust economic growth**

Stock markets were also buoyed by solid (USA) or at least stable (Europe, China) economic performance, despite high levels of uncertainty surrounding US tariffs and potential trade wars. Against the backdrop of the positive stock market performance, economic conditions on the markets varied significantly last year. Inflation expectations had an impact in many places, with the US market benefiting in particular. Within this context of positive equity markets, robust economic growth (driven by high government spending) and globally rising liquidity, the moderate resurgence of inflation came as little surprise.



**Equities and commodities****Precious metals also closed well**

Precious metal and special mineral producers also recorded another positive year. Gold, silver and platinum metal producers contributed positively to performance over the course of the year, with the price of gold ending the year at a high of USD 4,319 per ounce. Silver's historic upward trend continued, reaching a closing price of USD 73.19 on 31 December. Lithium producers also continued to rise in November and December as lithium prices reached multi-week highs due to supply shortages in China and declining inventories.

**Still many reasons to favour gold**

Considering the situation at the end of the year and going into 2026, the outlook for precious metal mining companies is promising: the sector continues to benefit from a favourable environment for gold as fiscal dominance and the prospect of falling real yields make holding gold attractive. The US financial position also continues to boost the attractiveness of gold in the light of the rising national debt and ongoing inflationary pressure. In addition, the cycle of interest rate cuts by the US Federal Reserve is likely to continue into 2026, thereby creating conditions that have driven up gold and silver prices in the past. The supply and demand situation for gold is increasingly bullish, with numerous investors – from family offices to large financial institutions – buying gold, and is also shored up by persistently strong demand from central banks. Overall, gold is still under-represented among financial investors, although there are still valid incentives for holding gold – from its diversification advantages to its safe-haven status during times of geopolitical tension and currency devaluation.

# A turbulent year for bonds



Das gesamte Jahr 2025 war hinsichtlich der Zinsentwicklung von den Launen des US-Präsidenten Trump und dessen unvorhersehbaren politischen Entscheidungen geprägt. Er machte es den Analysten schier unmöglich, zuverlässige Prognosen zu den Zinssätzen abzugeben, sodass sie ihre Zahlen ständig nachbessern mussten.

**The following factors were particularly influential last year:**

- Pressure on the Fed to lower key interest rates despite persistent inflation
- Political pressure exerted by the US on various countries, from Canada through Iran to Greenland
- President Trump's unpredictable tariff policy
- The trade war with China marked ambiguous announcements that were subsequently withdrawn
- Various political crises in France

**Fixed Income**

All of this led to confusion and uncertainty among bond investors given the lack of transparency. However, the good performance by fundamental economic data, the euphoria surrounding artificial intelligence and record equity prices have played a significant role in keeping credit spreads remained at a very low level not seen for almost 30 years. Given all the unusual and interesting events occurring this year, it is surprising that equity markets still trended upwards, as if moving along a one-way street. In other words, compared to equities, low credit spreads in some sense correspond to a high price/earnings ratio (P/E) for corporate bonds.

**Record high government debt and risk appetite**

Nothing has changed in terms of the dynamics of sovereign debt, with debts and budget deficits still very high. The clearest example of this was the resurgence of debt problems in France in the wake of the political crisis and several changes of government. As a result, debt levels remain high as does the deficit, although this has been ignored by bond investors. The downgrading of France's credit rating by the rating agencies S&P and Moody's has not also changed anything on this score. How is that possible? The explanation can be found in the robust global economy, the enormous enthusiasm for AI equities, interest rate cuts by the Fed and the ECB as well as the exceptionally high liquidity on the financial markets. This resulted in an almost unprecedented appetite for risk – for high-risk equities, cryptocurrencies, bonds rated below BBB or investments in emerging markets.

**Fixed Income****Reactions by financial markets**

The geopolitical situation in 2025 was shaped by unexpected events such as Israel's missile attack on Iran. The ongoing trade dispute between the US and China must also be seen in this context, which has been exacerbated by US threats of tariffs above 100%. Tensions related to the war in Ukraine were less relevant for the financial markets, but nonetheless significant. Governments that avoid or fail to implement difficult financial policy decisions could face higher debt costs from the financial markets. This pattern has already been seen in France – and UK government bonds are also facing a similar risk. The UK budget will play a key role in this regard. Given the recent missteps, the markets are likely to sit on their hands for the time being. This will result in higher maturity premiums and a steeper yield curve until convincing evidence of government finances having consolidated is brought forward.

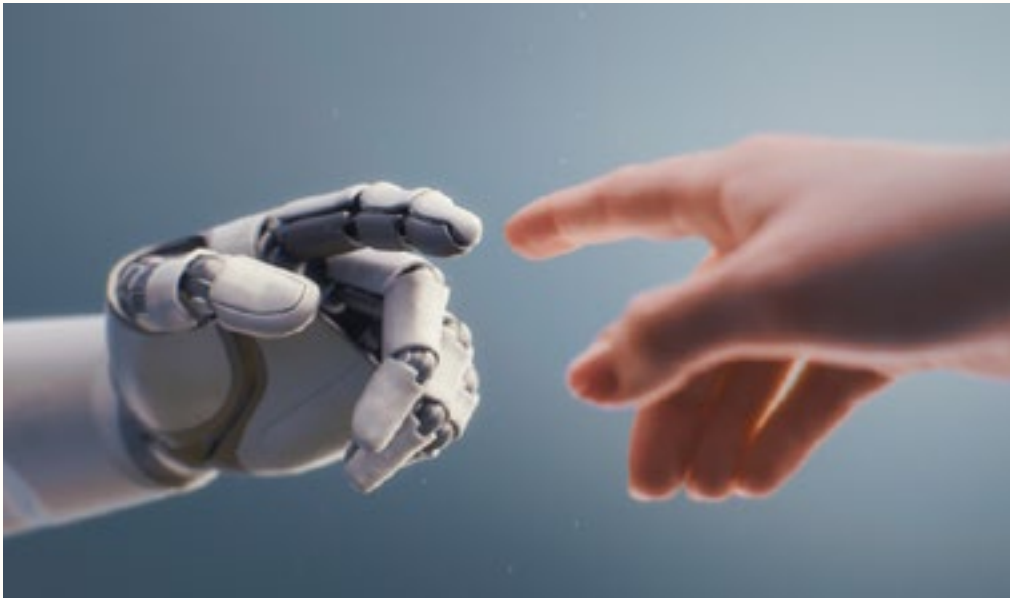
*The focus on T-Bills also accounts for Trump's pressure to lower the key interest rates artificially so that the growing debt mountain can be refinanced at lower interest rates.*

**Generally declining key interest rates**

Falling key interest rates also helped to inject more liquidity into the financial markets: the Fed lowered its rate from 4.5% to 3.75%, signalling further reductions into 2026, while the ECB has reduced its rate from 3% to 2%. This is in spite of the fact that inflation in both the USA and the eurozone remains significantly above the repeatedly reaffirmed target of 2%. Central banks justified decisions with reference to the labour market slowdown and geopolitical risks, which are partly related to the unpredictability of US President Donald Trump. It is also important not to forget the surprising announcement by the Fed in September that it would be ending the policy of quantitative tightening and would start to reinvest maturing Treasuries in short-term securities (known as T-Bills). The focus on T-Bills also accounts for Trump's pressure to lower the key interest rates artificially so that the growing debt mountain can be refinanced at lower interest rates. The US government's plan also envisages using T-Bills as collateral for the issue of cryptocurrencies in order to promote their use in the US economy. This would essentially act as a kind of modern gold standard, where consumers are incentivised to use cryptocurrencies as they are backed by government bonds, thereby promoting trust between consumers and investors.

**Fixed Income****Forecasts for 2026**

With artificial intelligence being introduced into all areas of daily life, the economy seems to be heading towards a new technological revolution: the massive investments being made in artificial intelligence are reflected in analysts' predictions of high productivity and a strong increase in profits for listed companies over the course of 2026.



As far as interest rates next year are concerned, the political influence of US President Trump on the Fed's decisions will grow. This could result in the Fed acting with less consistency, potentially leading to greater volatility in short-term interest rates. Financing costs for US government bonds will thus be jeopardised, especially given the current estimated volume of about USD 1.4 trillion. The increased recourse to short-term government bonds for deficit financing makes the US Treasury more vulnerable to interest rate fluctuations and could raise long-term financing costs. The possible breakdown of the underlying trading relationships would reduce demand for US government bonds and might further increase bond market volatility. It remains to be seen how strongly the FOMC members will actually dissent over the course of the coming year and how this will affect the markets and monetary policy. In contrast, the ECB is likely to leave key interest rates unchanged, as it confirmed at its December meeting that it is pursuing a data-driven monetary policy and will decide on interest rates from meeting to meeting. The SNB is singing from a similar hymn sheet, meaning that inflation in the eurozone and Switzerland is likely to have reached the desired stability. The current economic stability is accompanied by several macroeconomic risks – these include developments in artificial intelligence, the political influence on interest rate policy in the USA, high national debt and deficit levels in some European countries as well as historically high valuations on the financial markets. From a geopolitical perspective, global financial markets are experiencing the end of the long-standing liberal world order. The key question for the bond markets is whether 2026 will be a phase of transition with international politics being dominated by the US, China and Russia. This makes the development of interest rates unpredictable.



# A good year with stable results



Photo by LOGAN WEAVER on Unsplash

After the previous challenging years, 2025 was characterised by the noticeable, gradual stabilisation of alternative investments. Declining inflation rates, initial interest rate cuts in important economic regions as well as improved overall macroeconomic predictability led to cautiously constructive-to-positive sentiment among investors.

## Hedge funds

Global hedge funds achieved strong double-digit returns in US dollars throughout the year in 2025. In a similar manner to equity markets, emerging-market funds as well as equity hedge (equity strategies with long and short positions) and event-driven approaches (investments relating to corporate events such as mergers) performed very well. However, macro strategies (macroeconomically oriented trading strategies) and relative value strategies (exploitation of price differences between related securities) also ended the year in clear positive territory.

**Alternative investments**

Multi-strategy hedge funds (combination of several strategies within a fund) also returned positive results and were among investors' preferred allocations. After several years of subdued capital inflows, the industry recorded positive net inflows once again in 2025. Assets under management reached new highs, driven also by performance effects. Diversification of performance between managers and strategies remained high, underscoring the importance of well-founded manager selection.

**Infrastructure**

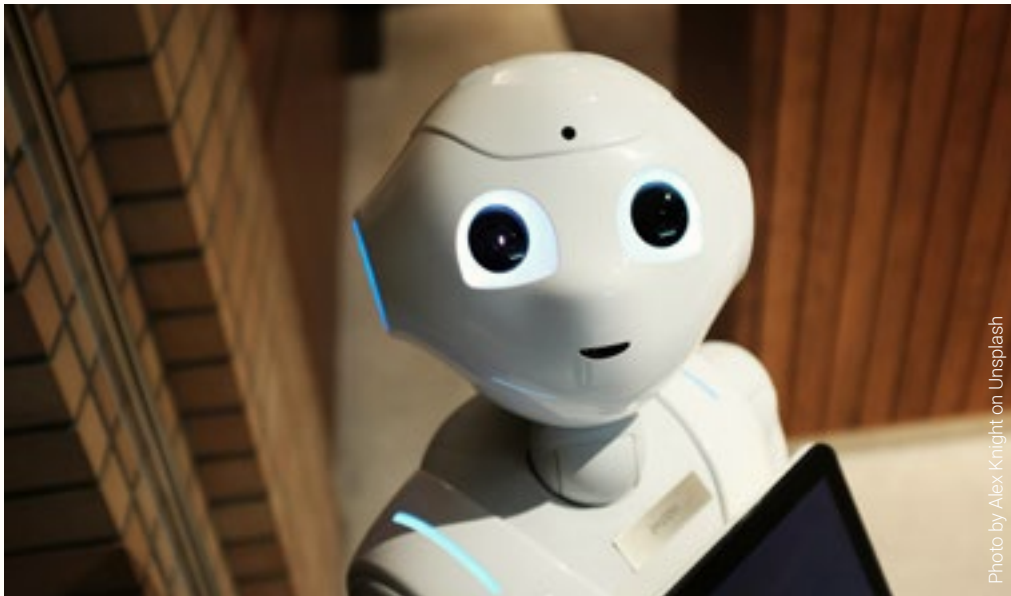
Infrastructure investments in 2025 continued to be characterised by long-term structural megatrends: the energy transition, decarbonisation, digitalisation as well as the expansion and modernisation of physical and digital grid infrastructures were central drivers of investment activity. Renewable energy, electricity grids, storage solutions and digital infrastructure were a particular focus. The investment category proved to be robust despite geopolitical uncertainties and regulatory challenges. Long-term, often inflation-indexed cash flows boosted the attractiveness of infrastructure investments. Investors increasingly emphasised regulatory stability, project implementation expertise as well as managers' operational expertise. Core and core-plus strategies remained particularly in demand, while value-add approaches were used selectively.

**Private debt**

Private credit (non-listed corporate financing) also confirmed its role as a defensive contributor to returns in 2025. Persistently high international interest rates compared to previous years supported attractive ongoing income, while credit quality stabilised overall. Direct lending remained the dominant segment, particularly in the upper mid-market (medium-sized companies). Sectoral reports indicate stable yields in the mid-single-digit range, supported by ongoing cash flows and defensive credit structures. Investors increasingly emphasised robust covenants (contractual safeguard clauses), conservative loan-to-value ratios and experienced managers with pronounced workout and restructuring expertise. Credit default rates remained moderate overall, although instances of individual restructuring came more into focus, underscoring the importance of conservative structuring and active portfolio monitoring.

**Alternative investments****Private equity and venture capital**

Private equity investments (private equity capital) displayed initial, cautious signs of cyclical stabilisation in 2025. Declining financing costs and more realistic valuation expectations supported a gradual upturn in transaction activity, although deal volumes overall remained below the long-term average. Buyout strategies focusing on operational value creation continued to dominate, while venture capital investments recovered selectively. The exit environment remained challenging, although it did improve over the course of the year. Trade sales (sales to strategic buyers) predominated, while IPOs played only a minor role. Secondaries (trading with existing fund units) continued to establish themselves as a central tool for liquidity management, complemented by co-investments (direct participations alongside a fund). In addition, continuation vehicles (structures for the continuation of selected portfolio companies within existing funds) gained further importance.



In the venture capital sector, artificial intelligence has developed into the dominant investment area and accounted for a significant portion of global deal volume. Furthermore, selected sectors such as energy, industrial applications and financial services recorded increasing activity. Fundraising remained challenging, with investors expressing a clear preference for established managers and generally late-stage strategies. There was high performance variation among managers and strategies across both segments.

**Alternative investments****Conclusion and outlook**

Alternative investments established themselves in 2025 as a core plank of broadly diversified portfolios. Discipline, manager quality, risk management and selectivity proved to be decisive factors in achieving success over the course of the year.

**Sources**

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- Preqin Global Report: Private Debt, December 2025
- Preqin Global Report: Infrastructure, December 2025
- Preqin Global Report: Venture Capital, December 2025
- Preqin's State of Hedge Funds 2025, October 2025
- HFR Hedge Fund Research

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### Indicative interest rates\* as of Januar 2026

<b>Fixed-rate mortgage</b>	3 Years	1,15 %
	5 Years	1,35 %
	7 Years	1,50 %
	10 Years	1,70 %
<b>SARON mortgage**</b>	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	Dezember 31st	% Dez.	% YTD	Web
Tellco Classic II Global Equities	CH0443816621	V	265,86	−0,35 %	5,11 %	
Tellco Classic Swiss Equities ESG	CH0421075018	V	213,78	2,78 %	16,01 %	<a href="#">Mehr Infos</a>
	CH0421074961	R	121,21	2,74 %	13,52 %	
Tellco Classic Best Idea ESG	CH0442770316	V	122,77	−0,34 %	7,92 %	<a href="#">Mehr Infos</a>
	CH0442615701	R	132,49	−0,34 %	7,93 %	
Tellco Classic Sustainable Heritage ESG	CH0583763542	V	79,28	−0,54 %	1,86 %	<a href="#">Mehr Infos</a>
	CH0583763534	R	69,88	−0,56 %	1,64 %	
Tellco Classic Bonds CHF ESG	CH0421043669	V	105,46	−1,10 %	−1,16 %	<a href="#">Mehr Infos</a>
	CH0421043594	R*	–	–	–	
Tellco Classic Bonds in foreign currency ESG	CH0421043768	V	83,80	−0,90 %	−2,37 %	<a href="#">Mehr Infos</a>
	CH0421043743	R*	–	–	–	
Tellco Classic Bonds in foreign currency hedged ESG	CH0469074956	V	88,64	−0,79 %	−1,63 %	<a href="#">Mehr Infos</a>
	CH0469074865	R	78,22	−0,80 %	−3,57 %	
Tellco Classic Inflation Protection ESG	CH1101347354	V	91,24	−1,01 %	−2,74 %	<a href="#">Mehr Infos</a>
	CH1101347347	R*	–	–	–	
Tellco Classic Aktien Alkimia ESG	CH0544465831	V	159,63	0,02 %	12,19 %	<a href="#">Mehr Infos</a>
	CH0544465823	R	150,43	−0,02 %	11,89 %	
	CH1116144333	P	116,93	0,01 %	12,15 %	

\* Not yet launched

## Tellco Classic Strategy

	ISIN	Tranche	Dezember 31st	% Dez.	% YTD	Web
Tellco Classic Strategy 10	CH0450199770	V	125,83	−0,34 %	1,80 %	<a href="#">Mehr Infos</a>
	CH0544445619	R*	–	–	–	
Tellco Classic Strategy 25	CH0450201261	V	138,90	0,21 %	3,73 %	<a href="#">Mehr Infos</a>
	CH0544465658	R	–	–	–	
Tellco Classic Strategy 45	CH0450201329	V	161,13	0,22 %	6,01 %	<a href="#">Mehr Infos</a>
	CH0544465757	R*	–	–	–	
Tellco Classic Strategy 100	CH0450382632	V	152,28	1,45 %	12,02 %	<a href="#">Mehr Infos</a>
	CH0544465773	R	88,60	1,47 %	3,99 %	

\* 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	2,00 %	2,00 %	2,10 %
Euro Area	1,40 %	1,40 %	1,20 %
Japan	1,20 %	1,20 %	0,80 %
China	4,90 %	4,90 %	4,50 %
Switzerland	1,20 %	1,20 %	1,20 %

**Countries / CPI**

	2025	2026	2027
USA	2,77 %	2,80 %	2,46 %
Euro Area	2,10 %	1,80 %	2,00 %
Japan	3,20 %	1,90 %	2,00 %
China	0,00 %	0,70 %	1,00 %
Switzerland	0,20 %	0,40 %	0,70 %

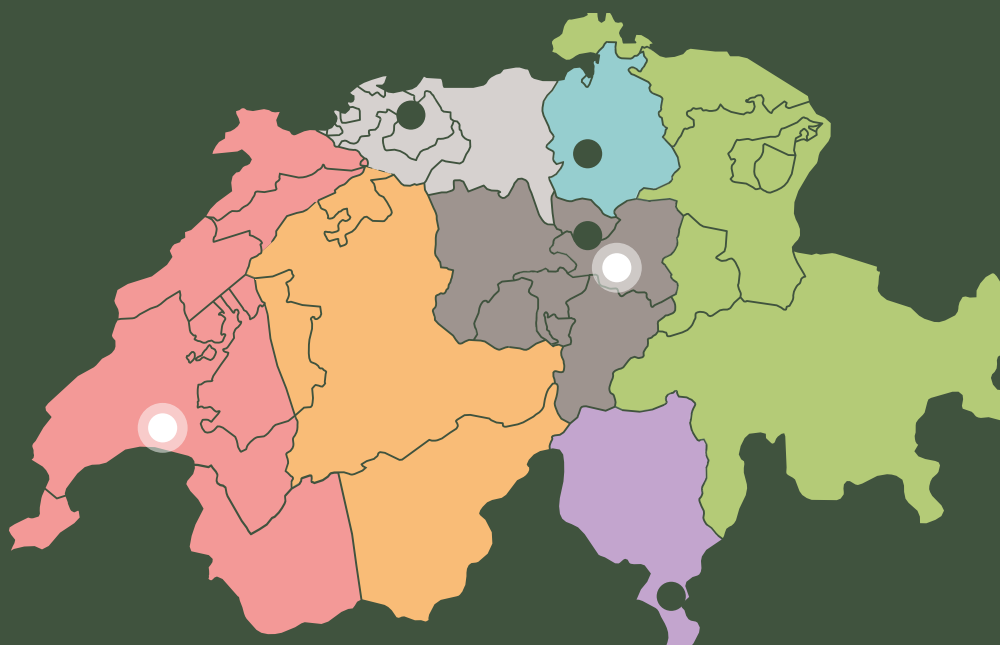
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