tellco

Market Overview 07/2026

A glance at the markets and current issues

Tellco Bank Ltd

A fragile equilibrium

Global equity markets were in a neutral overall position in June, with ongoing technology euphoria and unexpectedly solid macroeconomic data being offset by monetary policy tightening and geopolitical tensions.

Our analysis focuses geographically on the USA, the Eurozone and Switzerland. At the moment, these markets are characterised by two fundamentally opposed trends. On the positive side, private consumer spending remains remarkably robust and continues to provide sustainable support for companies' operational fundamentals. This provides investors with a greater sense of confidence. Moreover, the recent rapprochement between the United States and Iran is temporarily easing tensions on the markets. Diplomatic channels are being actively used once again, and global oil prices are falling, thereby cushioning the immediate margin pressure on companies across global supply chains and dampening inflationary fears. This is easing the pressure on household budgets and stabilising domestic economies in Western industrial countries, in turn bolstering revenue forecasts in many consumer-facing sectors.

Key issues still unresolved

On the other hand, the global political situation continues to call for strategic caution, as crucial issues such as Iran's ongoing uranium enrichment and the possibility of tolls for ships sailing through the Strait of Hormuz remain unresolved. This is noticeably limiting the short-term upside potential, and for this reason investors are holding back from overly euphoric purchases and maintaining larger liquidity reserves. Any new escalation in Iran could suddenly drive up shipping costs for raw materials once again, thereby placing global supply chains under renewed severe strain.

Rate hikes a latent risk

Meanwhile, monetary policy is creating an extremely demanding market environment. The US Federal Reserve is walking a tightrope between consistently strong labour market data and core inflation that stubbornly remains above its strategic target of 2%. Robust labour markets are providing central banks with the necessary leeway to keep interest rates at tighter levels for longer without running the immediate risk of a severe recession. However, investors are factoring in the risk of further interest rate hikes by the ECB and the Fed, resulting in persistently high market volatility. Remarkably, the tight monetary policy stance is barely reflected in risk premiums for corporate bonds, which are currently at historically low levels. This divergence between restrictive central bank policy and optimistic credit markets signals a high degree of complacency among investors. If interest rates were to rise again due to persistent inflation risks, markets could face repricing of risk assets, as refinancing costs for highly leveraged companies could become unsustainable.

AI continues to attract capital at an unprecedented pace

Within the internal market structure, a pronounced sector rotation can be observed. The overall market continues to be buoyed and indeed propelled upwards by the select group of dominant technology giants (the so-called "Magnificent 7"), while cyclical blue chips often lag behind. This extreme concentration carries significant cluster risk for broadly diversified indices, as the movement of the entire market depends on a handful of companies. Despite historically high valuations, the euphoria surrounding artificial intelligence permeating the entire market is continuing unabated and attracting massive capital inflows.

Extremely high investor expectations

The market's focus is now shifting to the upcoming corporate earnings reports, as the current valuations already factor in substantial corporate profits for the coming periods. To justify the elevated price levels, management guidance for the remainder of the year is playing an absolutely decisive role. Investors are now demanding clear evidence that the massive investments in artificial intelligence will quickly translate into significant increases in operating profitability. If these high expectations are dashed or if the outlook proves to be overly cautious, this could quickly lead to profit-taking and trigger a long-overdue market correction.

Where to place all the new corporate bonds?

Fixed income securities are also behaving relatively neutrally across all maturities in the current market environment. This is because the declining level of maturity premiums is being offset by a large supply of new corporate bond issues and ongoing monetary policy uncertainty.

Our analysis focuses on country-specific yield curves for the United States, the Eurozone and Switzerland, each of which has its own return characteristics. Investors are analysing yield differentials closely in order to take advantage of relative value opportunities, with the Swiss market playing a special role due to its traditionally lower interest rates.

Brief respite thanks to falling oil prices

The embedded inflation premium has fallen noticeably as a direct consequence of the recent rapprochement between the United States and Iran, coupled with the resulting decline in oil prices. This is reining in upward pressure on nominal yields, particularly at the long end of the yield curve, and providing bond buyers with some brief respite. The easing on the commodities front has brought down short-term inflation expectations among market participants, leading to a temporary flattening of yield curves in the major currency areas.

Shorter maturities preferred

Structural labour shortages in many Western economies are continuing to drive up wages. This has increased price pressure in the services sector, forcing central banks to remain vigilant. As this entails a risk of inflation and both the ECB and the Fed could raise key interest rates again, investors are not overly keen to take on very long maturities and extensive duration exposure. A sudden interest rate hike could significantly weigh on portfolios. Market participants are therefore adopting a wait-and-see approach and preferring shorter to medium maturities in order to remain flexible in the face of monetary policy adjustments. By holding securities with shorter maturity periods, they are minimising the price loss risk in the event that inflation were to unexpectedly pick up again. At the same time, this cautious positioning will allow them to quickly reinvest any liquidity freed up into newly issued bonds with potentially higher coupons once the interest rate outlook becomes clearer.

Corporate bond risk premiums are at historically low levels across a wide range of credit qualities.

A glut of new corporate bonds

A remarkable picture is emerging on the international credit markets. Corporate bond risk premiums are at historically low levels across a wide range of credit qualities. This suggests a very aggressive and potentially fragile pricing of credit risk by market participants, with potential default risks being almost entirely ignored. The tight credit spreads offer barely any compensation for the inherent default risk, especially if economic growth were to slow down. Unfazed by this, corporate treasuries are making intensive use of the currently stable financing environment in order to secure long-term liquidity. This is leading to an exceptionally large wave of new issues on the primary market. Many issuers are trying to lock in current conditions quickly before a potential tightening of monetary policy makes borrowing more expensive. This high level of activity has caused the market to become temporarily saturated with new paper across all credit classes.

Minimal scope for price gains

The sharply rising supply of new corporate bonds is being met by a liquid and receptive institutional investor base. However, it is capping fundamental upside potential across the entire fixed income sector over the coming months, as the market will first need to absorb the flood of new issues. In addition, high issue volumes are making investors increasingly selective and raising the bar in terms of credit quality. As a result, the various currency regions are currently in a balanced, wait-and-see equilibrium that leaves little scope for major price gains.

The new architecture of AI financing

Why Big Tech is setting the new standard for private credit, and why Swiss pension funds are now reconsidering their approach.

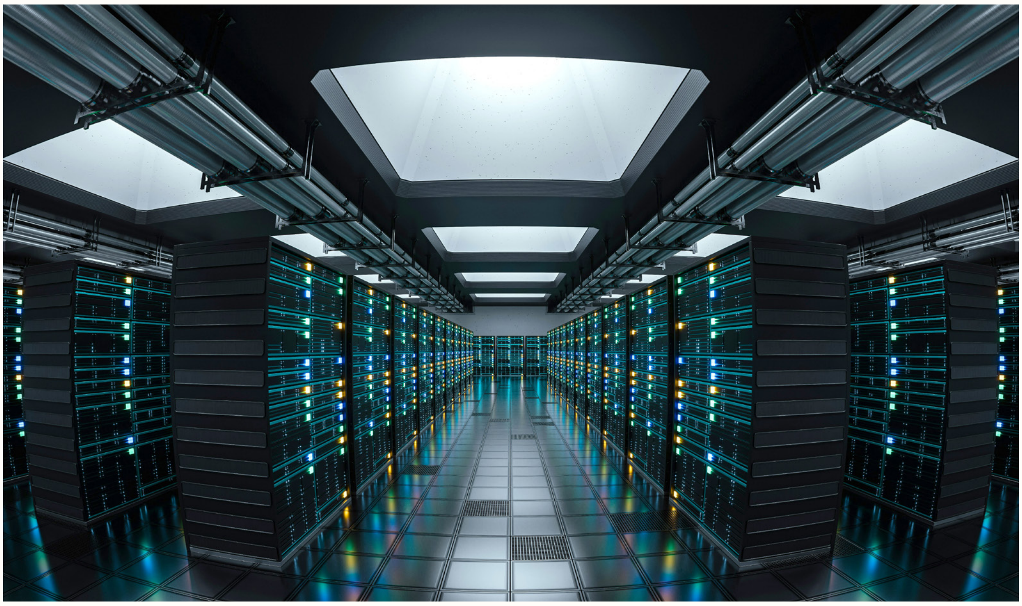
Global financing for artificial intelligence has expanded to an entirely new level, which is fundamentally reshaping capital markets. While the initial AI hype was still primarily driven by speculative venture capital and risky equity funding rounds, the necessary construction of complex infrastructure now demands massive, long-term injections of borrowed capital. This acts as a double-edged sword for the private credit market. On the one hand, institutional investors are presented with a historic financing opportunity with attractive yield premiums. On the other hand, the risk of costly misallocations rises in a still immature market.

Do pension funds dare to take the plunge?

Within this dynamic environment, lenders therefore have to draw distinctions more finely than ever before. There is a clear dividing line between highly solid global market leaders and high-risk niche projects that are often financed on uncertain terms. This segment is becoming increasingly important, particularly for Swiss pension funds. These are traditionally one of the most cautious investor groups worldwide, although at the same time one of the most influential. As they need to achieve stable long-term returns to meet their obligations, Swiss boards of trustees are increasingly focusing on targeted investments in private credit and real digital infrastructure. This is also taking place within the framework of regulatory requirements under OPO 2, which for some years now has appropriately recognised infrastructure investments as a separate asset class with an allocation quota of up to 10%.

Hyperscalers finance themselves internally

Some market participants are increasingly concerned about rising leverage in the technology sector. However, a closer look at leading US companies such as Amazon and Alphabet reveals a more nuanced picture. These “hyperscalers” are currently investing hundreds of billions of dollars of their own in massive data centres, advanced cooling systems and state-of-the-art semiconductor infrastructure. The key characteristic that sets them apart from smaller competitors is the fundamental financing structure for these mega-projects: Amazon and Alphabet are financing their astronomical AI investments to a large extent directly out of their ongoing, highly profitable operating business. They are simply not dependent on risky, high-yield debt structures to expand their trailblazing core services.



Very low default risk

This financial independence is directly reflected in their top-tier investment-grade ratings, which remain stable in the highly regarded AA range. The cash reserves and liquidity of these giants are among the largest in modern economic history, leaving their balance sheets structurally robust even during periods of sustained high investment. In addition, these funds are not flowing into theoretical, lab-level research, but rather into directly scalable platforms such as AWS or Google Cloud, which already serve global multi-billion-dollar markets and generate immediate cash returns. This provides greater security for private credit investors as the default risk for projects within the direct ecosystem of these tech giants is practically zero.

Focus on physical assets

For Swiss pension funds seeking returns in the private credit market beyond the hyperscalers, the AI boom does indeed offer enormous opportunities. However, it also requires strict investment criteria to ensure stability and financial solidity. Bonds and loans should never be taken up on the basis of vague software valuations or mere hopes of future user growth. Today, the only reliable foundation in private credit is asset-based financing, which focuses uncompromisingly on tangible, physical assets that retain their value. These include prime data centre real estate, extensive fibre-optic networks, and the associated energy infrastructure. This is because these assets retain substantial liquidation value even if the software operator collapses. This security is further enhanced by long-term purchase agreements, known as "power purchase agreements" (PPAs), or long-term leases under which creditworthy corporations commit to leasing capacity over a number of years. When these infrastructure projects are also backed by well-capitalised and experienced sponsors, they create a robust credit structure that complies in full with the stringent fiduciary standards of Swiss pension institutions.

Benefits for the economy and society

The fact that these enormous capital flows are economically and socially justified is evident from the way in which artificial intelligence is already transforming the real world in profound and measurable ways. Artificial intelligence has long since moved on from a mere software phenomenon and is now having a tangible impact on the global economy. Standout examples of this are healthcare and modern biotechnology. In the past, research into new, life-saving medicines often took decades and cost billions. Today, complex protein folding, one of the fundamental building blocks of life, can be accurately predicted within a matter of days thanks to advanced AI systems such as AlphaFold from Alphabet. This is revolutionising the development of personalised cancer treatments. At the same time, AI is paradoxically helping to optimise its own enormous energy consumption, as well as that of industry more broadly. Intelligent algorithms manage modern decentralised power grids, reduce the carbon emissions of megacities and support the development of the next generation of highly efficient solid-state batteries. AI has also become a critical stabilising factor in global logistics and industrial manufacturing. Thanks to predictive maintenance, AI systems determine when critical components in factories or cargo vessels need to be replaced, preventing costly production downtime and strengthening supply chains around the world.

Conclusion

In summary, the AI infrastructure boom is set to remain the defining megatrend of this decade for the private credit market. This segment offers highly attractive investment opportunities for Swiss pension funds seeking reliable sources of return beyond volatile equity markets in a changing interest rate environment. However, the utmost caution needs to be exercised, and investors must not get carried away by the broader market hype. While financing opportunities that are closely linked to financially strong AA-rated hyperscalers offer an excellent risk-return profile with very low credit risk, independent AI projects require rigorous downside protection through tangible assets and contractually secured cash flows.

Tellco Products

Tellco Classic

	ISIN	Tranche	June 30 th	% June	% YTD	Web
Tellco Classic Aktien Alkimia ESG	CH0544465831	V	171,72	–3,77%	7,57%	More Infos
	CH0544465823	R	161,55	–3,79%	7,39%	
	CH1116144333	P	125,76	–3,76%	7,55%	

Tellco Classic Strategy

	ISIN	Tranche	June 30 th	% June	% YTD	Web
Tellco Classic Strategy 10	CH0450199770	V	127,65	0,89%	1,45%	More Infos
	CH0544445619	R*	–	–	–	
Tellco Classic Strategy 25	CH0450201261	V	143,18	1,45%	3,08%	More Infos
	CH0544465658	R	–	–	–	
Tellco Classic Strategy 45	CH0450201329	V	168,28	1,59%	4,44%	More Infos
	CH0544465757	R*	–	–	–	
Tellco Classic Strategy 100	CH0450382632	V	165,02	2,35%	8,37%	More Infos
	CH0544465773	R	96,00	2,35%	8,35%	

* 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).
Tranche P: This share class is intended for private and qualified investors.

Numbers

Countries / GDP

	2026	2027	2028
USA	2,10%	2,10%	2,19%
Euro Area	0,57%	1,20%	1,40%
Japan	0,60%	0,80%	0,94%
China	4,60%	4,40%	4,40%
Switzerland	1,10%	1,37%	1,37%

Countries / CPI

	2026	2027	2028
USA	3,40%	2,49%	2,30%
Euro Area	2,88%	2,20%	2,07%
Japan	2,00%	2,10%	2,00%
China	1,20%	1,17%	1,50%
Switzerland	0,60%	0,70%	0,80%

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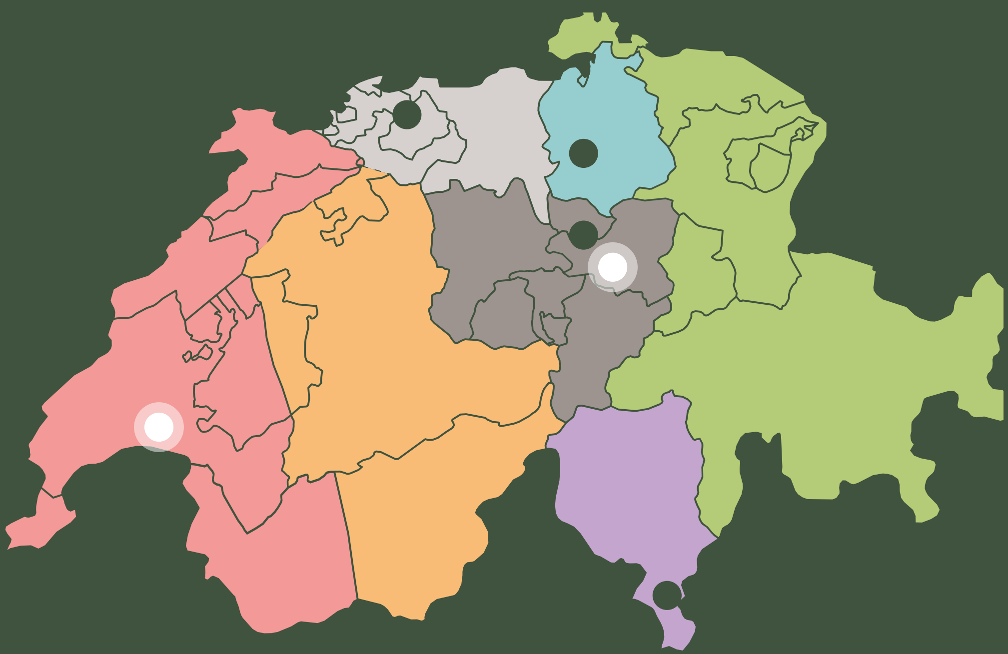

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