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GESTION DE PATRIMOINE – FAMILY OFFICE

The engine and the bill

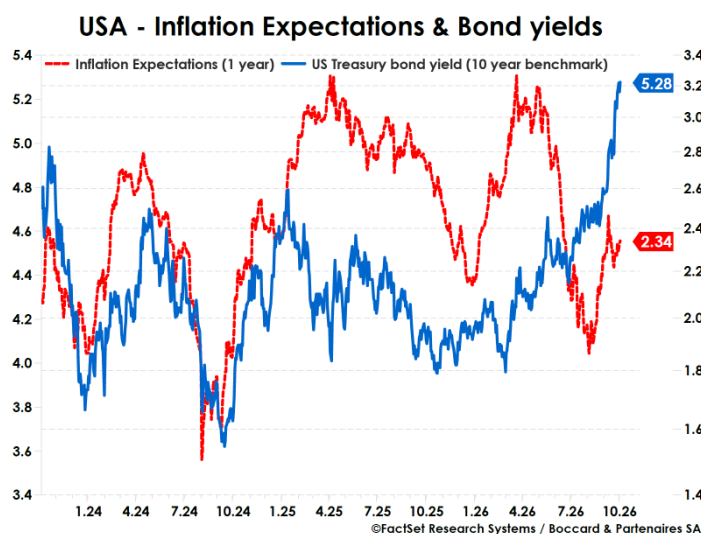
One quarter, two readings

The third quarter of 2026 brought neither a resolution nor a fresh flare-up. Geopolitically, the situation remains fluid: no lasting settlement, but no new front either. The political calendar, meanwhile, is already filling up, with the US midterm elections in early November followed by the French presidential election in spring 2027. Against this uncertain backdrop, markets took two very different readings of the same reality: equities focused mainly on the engine of growth, bonds first and foremost on the bill.

The engine: investment

The good news of the summer came from the real economy. Growth is currently being driven by investment, that is, spending by companies and governments on equipment: infrastructure for artificial intelligence, the reorganization of supply chains, energy independence and defense. This cycle is surprising on the upside in all major regions of the world, including Switzerland, where the SNB now expects growth of 1.5 to 2% this year.

The bill: firmer central banks and rising rates

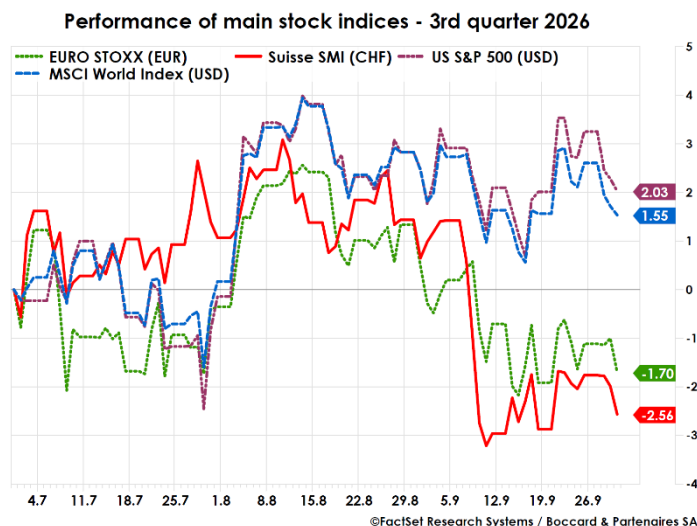


The flip side: a strong economy pushes the prospect of cheap money further away. Central banks have stopped waiting. The ECB raised its deposit rate to 2.50% on 10 September. The US Federal Reserve followed on 16 September with its first hike since 2023, taking its rate to 3.75–4.00%, and it is not ruling out further moves. The SNB is keeping its policy rate at 0%, but a first hike by next spring is no longer off the table.

Inflation has climbed above 3%, well beyond central banks' targets (2%), but almost entirely because of higher oil prices. This is why inflation expected over the next twelve months remains comparatively subdued at around 2.3%, well below spring levels (see chart above). Indeed, the rise in energy prices has neither fed through into higher

wages nor spread to the rest of the economy. Yet the yield on 10-year US Treasuries has risen from around 4.5% to almost 5.3% in three months. There are two main reasons for this: policy rates that could stay high for longer, and states' massive indebtedness. The bond market, by nature the most cautious of all, is thus the one that best reflects the concerns of the moment, and its volatility is now markedly higher than that of equities, which remains surprisingly calm and low.

Equities: earnings make the difference

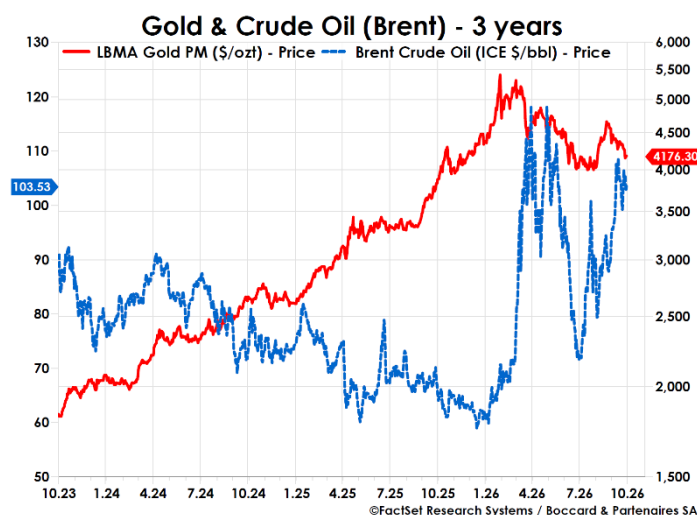


Why, then, are equity indices still close to their highs? Because, for now, the economic gains generated by capital expenditures (profits all along the value chains of technology, infrastructure and security) outweigh the rise in costs (more expensive energy and commodities, heavier interest charges). Put it simply, corporate earnings keep growing. Over the quarter, the US S&P 500 gained around 2.0% and the "world equities" index 1.6%, driven by technology and industrials. European markets (EURO STOXX -1.7%) and especially the Swiss market (SMI -2.6%), on the other hand, declined: our large defensive stocks suffered from the rise in rates in mid-September (see chart above).

On a reassuring note, because earnings have grown faster than share prices, equities are no longer expensive relative to their ten-year average. Their price is therefore no longer, in itself, a sign of overheating. The focus is shifting, however, to growth expectations, which are now high, and companies will have little room for error when they next report results.

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Commodities: oil under pressure, gold regains its shine



In the absence of a lasting geopolitical solution, oil has risen sharply again. After a low of around 72 dollars in July, Brent ended the quarter at around 103 dollars, without returning to its spring highs. Gold, having topped at 4,500 dollars along the way, finished at around 4,180 dollars an ounce, slightly up over three months. It continues to play its role as insurance and is still being accumulated, notably by central

banks.

Swiss real estate: consistency as a strength

With Swiss interest rates still at rock bottom, Swiss real estate funds continue to deliver what is expected of them: a steady income and performance that is largely insulated from international shocks. As the SNB could raise rates in due course, we favour high-quality, diversified property portfolios. The fundamentals remain supportive: scarce supply, firm rents, a growing Swiss economy and relatively predictable income. This segment therefore retains value in a CHF allocation, more as a source of income and diversification than as a short-term driver of performance.

Our course: prioritizing robustness

Economic and corporate earnings strength encourage us to stay invested. However, the sharp rise in rates, expensive oil, geopolitical and fiscal uncertainties and the persistent concentration of certain indices lead us to maintain **moderately cautious positioning**.

Our priority, then, is neither to withdraw from the markets nor to chase every upward move. It is to build portfolios that can perform well across several scenarios, relying on quality equities, bonds that once again offer more attractive returns, diversified exposure to emerging markets, investments in Swiss real estate, and gold. **In an environment where several forces are pulling in opposite directions at the same time, our compass remains the robustness of the portfolio rather than the pursuit of the last point of performance.**