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# Calm After the Storm?

*Investment report – 30<sup>th</sup> June 2026*



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**Independent.  
Tailor-made.  
Intergenerational.**



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## Calm After the Storm?

The second quarter of 2026 brought a strong recovery in financial markets. After the energy-driven supply shock had weighed on asset prices at the beginning of the year, risk appetite returned with remarkable speed. Two forces shaped the quarter: the gradual de-escalation of the Middle East conflict, which eased oil prices and acute inflation concerns, and the continued momentum in AI infrastructure, supported by strong corporate results and high earnings expectations. This was countered by a more restrictive monetary policy tone: in view of persistent inflation, expectations of rate cuts receded, while central banks maintained their focus on inflation risks. Equity markets nevertheless recorded their strongest quarter in years. This contrast between confidence and caution set the tone for the quarter.

The war between the United States, Israel and Iran, which had broken out in February, eased in intensity over the course of the quarter. Following a fragile cease-fire in April and weeks of negotiations over the Strait of Hormuz, Washington and Tehran agreed in mid-June on a Memorandum of Understanding. It provides for a sixty-day negotiation phase on Iran's nuclear programme, the lifting of the US naval blockade and the gradual reopening of the strait. Although implementation remained fragile and passage was temporarily restricted again, the prospect of easing tensions was enough to reduce the geopolitical risk premium in the oil market. After the sharp increase in the previous quarter, Brent recorded its steepest quarterly decline since the financial crisis of 2008. As oil prices fell, energy price pressure eased significantly and one of the main headwinds from the first quarter largely subsided.

On the monetary policy front, central banks sent different signals. The European Central Bank raised its deposit rate by 25 basis points to 2.25% on 11 June – its first rate hike since 2023. It responded to the energy-driven inflation surge, revised its inflation projections upwards and lowered its growth outlook at the same time. In the United States, there was a change of leadership at the Federal Reserve: Jerome Powell's term ended in May, and Kevin Warsh assumed the chairmanship of the Fed. Concerns about the independence of the US

central bank, which had been prominent in the first quarter, subsided after the criminal investigation against Powell was discontinued. At its first meeting under Warsh in June, the Fed left the policy rate unchanged at 3.50–3.75%, but removed the reference to possible rate cuts and even signalled the possibility of a rate increase. The Swiss National Bank also kept its policy rate unchanged at 0%, but emphasised its willingness to counter an excessive appreciation of the Swiss franc in the foreign exchange market.

From an economic perspective, the picture remained mixed, but more resilient than initially feared. The US economy remained robust, supported by solid demand and improved business sentiment. The labour market sent mixed signals: employment remained stable, but momentum eased compared with previous months. In the eurozone, growth momentum remained subdued, although initial signs of stabilisation emerged over the course of the quarter. Following a slight decline in economic output in the first quarter, key leading indicators moved back towards the expansion threshold. Switzerland stood out positively with low inflation and a firm Swiss franc, while weak domestic demand and the troubled property sector continued to weigh on the outlook in China. The following market overview shows how this combination affected the individual asset classes.

## Market developments in the second quarter of 2026

### Equities<sup>1</sup>

Global equity markets recorded one of their strongest quarterly recoveries in years. The MSCI World advanced by 16.4%. The United States led the way, with the technology sector driving markets higher: the Nasdaq 100 rose by 32.1%, while the broader S&P 500 gained 18.6%, marking its strongest quarter since 2020. Small caps also performed strongly, with the Russell 2000 up 25.7%. The rally was driven largely by semiconductor stocks. Despite these broad index gains, market leadership remained concentrated: a significant share of the advance was driven by only a few stocks, increasing vulnerability to disappointments.

Europe also posted solid gains. The Euro Stoxx 50 rose by 15.9%, while the broader Stoxx Europe 600 gained 11.9%. The German DAX lagged behind, gaining 10.8%, weighed down by its high exposure to export- and industry-related stocks. The Swiss market advanced solidly, with the SPI up 13.3% and the SLI up 15.0%, while the energy- and commodity-heavy UK blue-chip index FTSE 100 rose by a more modest 4.5%.

In Asia, technology-heavy markets continued their upward trend. Japan's TOPIX gained 12.9%. Korea (+60.8%, KOSPI) and Taiwan (+42.4%, TAIEX) were again particularly dynamic, supported by strong demand for semiconductors. Overall, emerging markets performed strongly (MSCI EM +22.7%). China presented a mixed picture: while the CSI 300 gained 11.7%, the Hang Seng declined by 6.3% – reflecting weak domestic demand.

### Bonds<sup>1</sup>

Bond markets posted moderate gains in the second quarter. Lower oil prices and easing inflation concerns allowed yields, which had risen in the first quarter, to decline somewhat. However, the diversification benefit relative to equities remained limited, as expectations of a prolonged restrictive monetary policy stance capped price gains. Higher-quality segments performed only moderately: Swiss bonds (SBI AAA-BBB) gained 0.6% and European investment-grade bonds 2.2%, while intermediate-maturity US Treasuries were broadly unchanged at +0.4%. Riskier segments fared better, with USD high-yield bonds gaining 4.0% and USD emerging market bonds rising by 3.7%. Convertible bonds benefited directly from the equity market recovery, gaining 17.7%.

### Alternative investments<sup>2</sup>

Alternative investments delivered a mixed performance, shaped primarily by the decline in the geopolitical risk premium. This was most evident in energy markets: WTI (-19.4%) and Brent (-19.6%) moved back towards pre-war levels, trading at around USD 69 and USD 73 per barrel, respectively.

Precious metals showed an unusual pattern. Despite the war and elevated inflation, gold failed to fulfil its traditional role as a safe haven and lost 11.1%; silver declined by 16.4%. Expectations of higher US real yields and a firmer US dollar weighed on non-interest-bearing assets. Gold ended the quarter at around USD 4'000 per ounce.

Cryptocurrencies remained weak, with the Bloomberg Galaxy Crypto Index losing 17.6% and Bitcoin declining by 11.9%. Listed private equity companies (+4.7%) and global real estate investments (+9.6%) posted gains.

## Conclusion and outlook

The second quarter illustrated how quickly market sentiment can change: what had started as a stress test at the beginning of the year turned into one of the strongest quarterly recoveries in recent years. The key drivers were the fading energy price premium and a resilient earnings cycle in the technology sector, which together more than offset geopolitical and monetary policy headwinds.

Looking ahead, several sources of uncertainty remain. The ceasefire in the Middle East has not yet evolved into lasting stability, and any renewed setback could quickly put upward pressure on energy prices again. At the same time, market attention is shifting back from geopolitics to inflation, real yields and the question of whether elevated valuations in the technology sector can be justified by future earnings. In gold, we believe the recent correction is well advanced; the structural case for the precious metal remains intact in our view. Narrow market breadth and a more restrictive central bank stance argue for continued selectivity. In this environment, broad diversification, valuation discipline and a long-term investment horizon remain essential.

<sup>1</sup> All market data, unless stated otherwise, are shown in the respective local or index currency.

<sup>2</sup> All figures in USD; Private Equity Index in EUR.

*Performance of the equity markets since the beginning of the year:*

Equity markets staged a broad recovery in the first half of the year, with notable regional differences. Asia and Japan performed particularly strongly, while Europe, Switzerland and the United States also recorded solid gains. Hedge funds delivered positive, albeit considerably more moderate, returns.

		December 2025	June 2026	Change
Asia ex Japan	MSCI AC Asia ex Japan	765.0	965.4	26.2%
Europe	DJ STOXX 600	1'481.7	1'634.4	10.3%
Japan	MSCI Japan	4'675.8	5'613.1	20.0%
Switzerland	SPI	18'219.5	20'015.5	9.9%
USA	MSCI USA	19'713.7	21'660.9	9.9%
World	MSCI World Index	14'205.8	15'582.8	9.7%
Hedge Funds	CS Hedge Fund Index	943.1	980.8	4.0%

Development of index in local currency. Exceptions Asia ex Japan and World in USD. MSCI-Indices are net total return.

*Since the beginning of the year, yields on 10-year government bonds have developed as follows:*

Yields declined slightly in Switzerland and remained broadly stable in Germany. By contrast, the increase was more pronounced in the United States, the United Kingdom and Japan, reflecting persistent inflation and more restrictive central bank expectations.

	December 2025	June 2026	Change
Switzerland	0.32%	0.29%	-0.03%
Germany	2.86%	2.86%	0.01%
United Kingdom	4.48%	4.76%	0.28%
USA	4.17%	4.47%	0.30%
Japan	2.07%	2.68%	0.62%

*Since the beginning of the year, the selected foreign exchange rates have developed as follows:*

The US dollar appreciated against most major currencies over the first half of the year. The yen remained the weakest of the currencies shown, while the Swiss franc strengthened slightly against the euro.

	December 2025	June 2026	Change
Euro/CHF	0.9307	0.9232	-0.8%
USD/CHF	0.7926	0.8084	2.0%
GBP/CHF	1.0679	1.0720	0.4%
CHF/Yen	197.6600	201.0970	1.7%
USD/EUR	0.8514	0.8755	2.8%
USD/Yen	156.7100	162.5500	3.7%

*Average growth and inflation forecasts from the "Bloomberg Composite Contributor Forecast" poll of economists:*

The forecasts point to moderate growth and still elevated core inflation in the United States, Europe and the United Kingdom. Switzerland remains comparatively stable, supported by low inflation, while China continues to post the highest growth rates despite weak domestic demand.

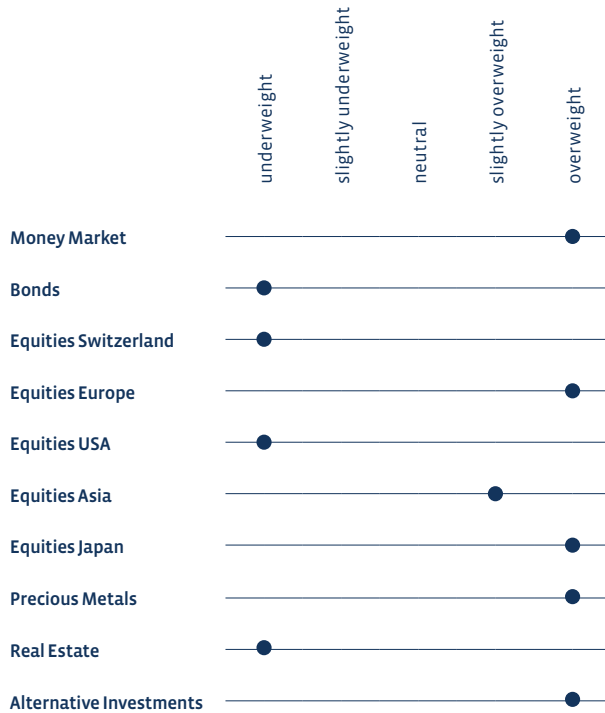
	Real GDP Growth		Core-Inflation	
	2026	2027	2026	2027
China	4.6%	4.4%	1.2%	1.1%
Germany	0.6%	1.1%	2.7%	2.3%
EU	1.1%	1.5%	2.8%	2.3%
United Kingdom	1.0%	1.1%	3.2%	2.6%
Japan	0.6%	0.8%	2.0%	2.1%
Switzerland	1.1%	1.4%	0.6%	0.7%
USA	2.1%	2.1%	3.4%	2.5%

*Our asset allocation:*

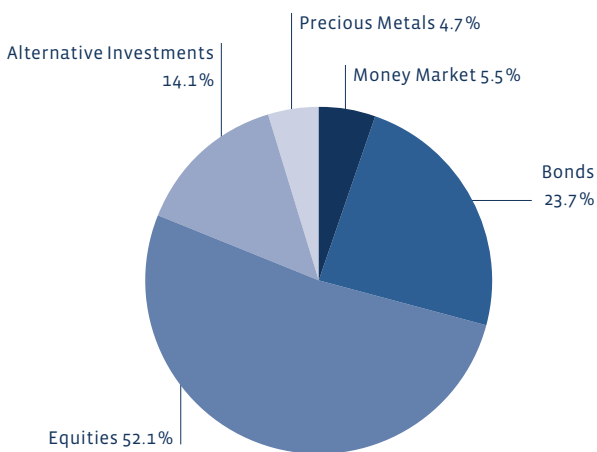
At our latest investment committee meeting, we agreed on the following asset allocation for a balanced CHF portfolio with medium risk and no client restrictions. Mandates in other reference currencies may have different allocations, which can be obtained from your relationship manager upon request.

Against the backdrop of changing market conditions, targeted adjustments were made within the allocation. Swiss equities were reduced slightly and reallocated in favour of US equities. At the same time, we slightly increased our gold position. The real estate allocation was fully sold and replaced by an infrastructure position.

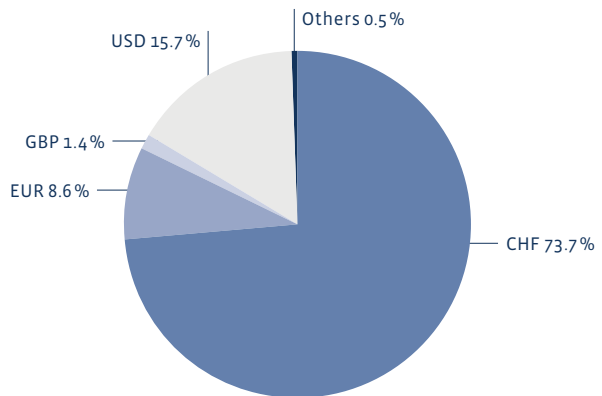
*Current positioning of our CHF portfolio:*



*Tactical asset allocation by asset class:*



*Current allocation by currency:*



Based on reference currency Swiss Franc.

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## Closing words & Personal note

### *Personal note:*

After almost six years with Salmann, Markus Gartmann has decided to leave the company to take on a new professional challenge. We thank him for his dedication and valuable contribution over the past years and wish him all the best for his professional and personal future.

### *Closing words:*

We sincerely thank you for your trust. The positive second quarter has once again shown the importance of adhering to a clear, long-term investment strategy, even during volatile market phases. Should you have any questions regarding our investment report or your individual investment strategy, we remain at your disposal at any time.

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