

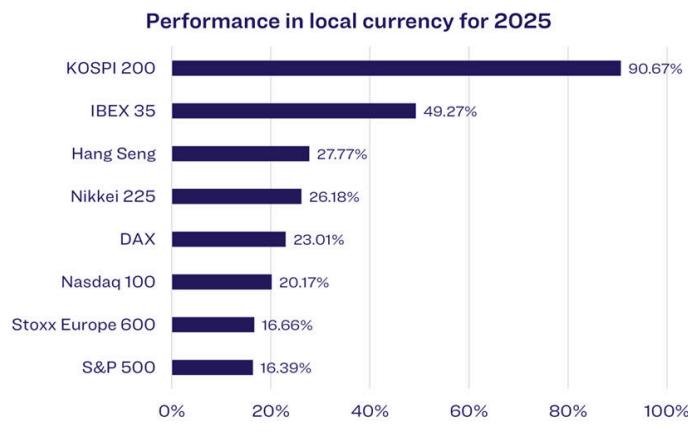
Between Boom and Bust – What a Stock Market Year 2025!

Dear Sir or Madam,

We would like to take this opportunity to look back on the past year and look ahead to 2026.

Capital Markets 2025: Another Exceptional Year

The stock market year 2025 once again brought significant gains to investors in the global capital markets. Those who were not unsettled by the numerous political interventions from the White House were able to achieve double-digit returns on most stock exchanges. Many of these interventions have already faded from collective memory – such as "Liberation Day" with its new tariff announcements, the war in the Middle East, or the longest government shutdown in US history. Despite these political and geopolitical disruptions, 2025 was the third exceptionally strong year for equities in a row, following 2023 and 2024. As in previous years, buying stocks during periods of weakness ("buy the dip") proved to be the right strategy. Fundamental and technical indicators continue to signal solid conditions in global equity markets. We therefore remain constructive but are closely monitoring the increasing concentration risks. Historical experience shows that the best-performing stocks in the past are not necessarily the winners in subsequent years.



Bond markets and interest rates: Volatile, but cyclically advanced

Bond markets were also characterized by high volatility. The global interest rate cutting cycle is nearing its end in many economies. In Switzerland and the Eurozone, interest rates remain at very low levels; in the context of the Swiss National Bank's renewed zero-interest-rate policy, bonds are once again unattractive.

In the US, the Federal Reserve cut interest rates twice during 2025, entering the interest rate-cutting cycle relatively late. In Japan, however, rising inflation in December led to an interest rate hike.

Precious Metals, Commodities, and Crypto: Extreme Winners and High Volatility

The real highlight of the year was the precious metals gold and silver, as well as the corresponding mining stocks. Gold appreciated by more than 69% over the course of the year, while silver, with an increase of over 150%, was the strongest-performing commodity. Oil and gas prices, on the other hand, remained weak due to political factors.

Cryptocurrencies, which had risen sharply in previous years, experienced a mixed year. After reaching new record highs in the summer, Bitcoin fell from around USD 125,000 to approximately USD 90,000. Crypto investments thus remain an extremely volatile segment – not for investors with weak nerves.



Technology, the “Magnificent 7,” and Artificial Intelligence

Throughout the year, the question of whether the technology sector, particularly the “Magnificent 7,” is in a speculative bubble has been repeatedly discussed. From our perspective, there is currently no reliable evidence to justify such an assumption. High valuations alone are not a sufficient indicator of a bubble. Unlike the much-cited “tech bubble” of 2000, most of these companies are now highly profitable operationally. We continue to expect a strongly disruptive impact from artificial intelligence (AI), even though we cannot yet fully assess the specific macroeconomic effects and side effects. Fundamentally, we see AI less as a bubble and more as a catalyst for structural change that will sustainably transform numerous areas of the economy and society.

Outlook 2026: An Exciting Year on the Stock Market with Increased Risks

Capital Market Year 2026 – Our Expectations

We anticipate a dynamic year on the global capital markets in 2026. Rising corporate profits and the efficiency gains mentioned above, resulting from the use of AI, suggest that the sometimes-demanding valuation levels will remain largely justified despite persistently high geopolitical tensions. In our view, the opportunities clearly outweigh the risks – and the proverbial "German Angst" is unlikely to slow down the global economy.

Based on the experiences of 2025, the continued erratic political landscape, the growing influence on institutions across the Atlantic, and the global debt problem are among the major unknowns for 2026. As has been demonstrated, these factors can significantly move markets in both directions. Accordingly, we anticipate increased volatility.

This uncertainty is likely to continue supporting precious metal prices. We remain generally positive about other raw materials as well: Rising infrastructure and defense spending should generate additional demand for industrial metals. The ongoing digitalization and the AI boom are triggering a kind of special economic upswing, from which zinc, aluminum, copper, and silver in particular will benefit.

Conversely, the continuing overproduction and a possible ceasefire or peace in Ukraine argue against a significant and sustained recovery in oil prices.

Interest Rate Environment and Economic Stimulus

In Europe, we expect interest rates to remain at historically low levels. Against this backdrop, the equity market remains our preferred investment category. Given the extensive public spending, there is hope for a noticeable recovery in growth in the European economy.

In the US, the Federal Reserve is likely to lower interest rates further – provided inflation remains in the slightly elevated but apparently tolerated range of 2.5–3%. This would provide additional support for both the financial markets and the already robust US economy. We are eagerly awaiting the appointment of the new Fed chair and the question of how much political influence will be exerted on the central bank in the future.

In our view, crypto assets will remain a highly volatile segment in 2026. Investors will continue to need strong nerves and a high risk tolerance. Overall, despite all the uncertainties, we are optimistic about the capital markets year 2026.

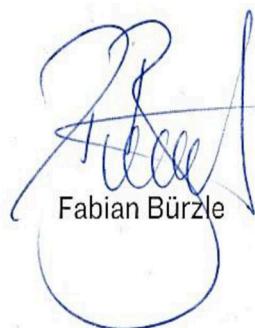
Consequences for our investment policy

Based on the positive outlook for the global economy – which is also confirmed by our in-house "traffic light system" – and the expected further earnings growth in 2026, we will remain overweight in global equities. At the same time, the focus on the US midterm elections in November 2026 is likely to dominate much of the year. The high index weightings of American stocks, especially the "Magnificent 7," increase individual stock and concentration risks. We are specifically addressing these risks through broad diversification within the equity segment. While temporary market downturns can be mitigated through diversification, they can never be completely prevented. In our view, the targeted acquisition of low-correlated investments within a portfolio remains the most effective approach to reducing overall risk without significantly diminishing the desired return. In addition to a balanced mix of various asset classes—equities (including emerging markets), bonds (with a low weighting of government bonds), precious metals, commodities, alternative investments, currencies, and cash—broad diversification across countries and sectors provides additional portfolio stability.

We wish you and your family all the best for 2026, especially good health and happiness. We look forward to continuing our communication with you.

Sincerely,

Neue Bank AG



Fabian Bürzle



Markus Alefelder

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