



# MARKET COMMENTARY

BERGOS  
PRIVATE BANK



## TILL C. BUDELMANN

As Bergos's Chief Investment Officer, Till Christian Budelmann regularly comments on events in the international capital markets and examines them in the context of economic and political trends. Budelmann is a member of the bank's executive committee and heads the investment committee.

## OUTLOOK 2026: EQUITY MARKETS BROADEN AND REQUIRE A STYLISTIC REPOSITIONING

**A global recession is unlikely in 2026. The United States will continue to grow more strongly than Europe, and despite elevated inflation, interest rate cuts are anticipated in the US. Equity markets have further upside potential, with significantly more stocks and segments likely to contribute than in the recent past. "Alongside the major growth stocks, second-tier names and value-oriented countries such as Switzerland and Brazil are becoming increasingly important to us," says Till Christian Budelmann, Chief Investment Officer of the Swiss private bank Bergos. However, global uncertainty remains high, and the potential of the overall market is limited. Gold will continue to play an important role in investor portfolios.**

In addition to persistently high geopolitical risks, US policy – especially trade policy – is a decisive factor for the global economic outlook. "In our base case scenario, which we assign an 80 percent probability, US President Donald Trump continues his unconventional behavior but adjusts it selectively from time to time," says Bergos CIO Till Budelmann. Trump's style remains unpredictable and the resulting uncertainty weighs on the global economy.

"We expect below-trend growth in 2026, but we do not anticipate a global recession. The US economy is still performing surprisingly well. It remains to be seen when and which effects will actually take hold," says Budelmann. For 2026, Bergos forecasts US GDP growth of 1.7 percent, down slightly from 1.8 percent this year. Europe, especially Germany, continues to struggle with structural challenges. Fiscal problems and political instability also make France a concern. For the eurozone, Bergos expects economic output to rise by 1.2 percent in 2026 (2025: 1.3 percent). Germany's economy is likely to strengthen somewhat due to fiscal stimulus and, like Switzerland, is projected to grow by 1.0 percent in 2026.

## Central banks with remarkable inflation tolerance

Inflation in the eurozone is now within the European Central Bank's target range. Bergos does not expect any interest rate changes in the eurozone or Switzerland in the coming year. In the US, however, inflation remains persistently high. For 2026, Bergos expects it to be 2.7 percent. Nevertheless, the Federal Reserve is likely to continue lowering rates. The defined inflation targets are increasingly being viewed with tolerance – not only in the US. “By the end of 2026, we expect three interest rate cuts in the US, bringing the rate down to 3.0 – 3.25 percent. The first of these is likely to occur on December 10, 2025,” says Budelmann. By the end of the year, it may be clear who will succeed Fed Chair Jerome Powell in May 2026. “At present, Kevin Hasset is the most likely candidate. However, there are many others, including Christopher Waller and Kevin Warsh. Trump's attacks on the central bank will probably subside once one of his nominees has been appointed,” Budelmann adds.

The US midterm elections scheduled for November 2026 are likely to start affecting the markets over the course of the year. One-third of the Senate seats and the entire House of Representatives will be up for election. “At present, we believe there is a 70 percent probability that the Republicans will retain their Senate majority. In the House of Representatives, we see a 75 percent probability of a power shift in favor of the Democrats. Historically, a split Congress has not proven unfavorable for the financial markets,” explains Budelmann.

Trump's policies led to a sharp depreciation of the US dollar against the euro in 2025. “This is unlikely to continue to the same extent in 2026. After a slight depreciation in the coming months to 1.18 – 1.20 US dollars per euro, the exchange rate should then largely remain within this range,” forecasts Budelmann, who also recommends that investors thinking in euros or Swiss francs maintain a modest hedge on the US dollar. He does not expect significant changes in the euro–Swiss franc exchange rate in the coming year.

While longer-term expectations tend to be more relevant for investments in private markets, the macroeconomic forecasts for 2026 influence tactical positioning in liquid investment markets.

## Equities: balancing a growth focus with value stocks

Bergos experts maintain a neutral overall allocation in equities. For the US equity index S&P 500, they expect a return potential of 6 to 14.5 percent in 2026. The wide range reflects the uncertainty in the markets. The main contribution is expected to come from earnings growth of 8 to 14 percent, while valuations are likely to provide some headwind (-3 to -1 percentage points). Dividend yields are expected to range between 1.0 and 1.5 percent. For Europe (Stoxx 600 Index), the forecasts for total return potential in 2026 are considerably lower, at -0.5 to 7.5 percent. Here, dividends (2.5 percent) are the main contributor, while earnings are expected to show little growth (-2 to 4 percent) and valuations should remain largely unchanged. “We continue to view the US market somewhat more positively than Europe, Japan, and the emerging markets. However, in 2026, stylistic positioning takes center stage for us,” says Budelmann. This means that the bank's ongoing focus on quality and growth in stock selection will be balanced in other parts of the portfolios with value-oriented aspects.

“Within the US, the large growth stocks remain in the portfolio, but we are scaling them back slightly and instead focusing on a market broadening, where more companies participate in the price rally. The S&P 500 Equal Weight, US Value, as well as mid- and small-cap stocks are gaining in importance,” explains Budelmann. Switzerland receives a higher weighting within Europe as a defensive, value-oriented country according to the bank's house view. A new addition to the portfolio is Brazil, which primarily represents cyclical value stocks. “In Brazil, we see the upcoming elections, alongside the expected interest rate cuts, as an opportunity for the equity markets. This is further supported by very attractive valuations in historical comparison,” Budelmann explains. Otherwise, India remains a key call within the emerging markets.

**Bonds: moderately priced in a cross-asset comparison**

The gap between the earnings yield of US equities and the yield on ten-year US government bonds has narrowed. Against this backdrop, bonds appear fundamentally moderately valued compared with equities, not only in the US. However, the real return potential of global bonds is considered limited, given the aforementioned tolerance for inflation and the currently low credit risk premiums. Overall, this argues in favor of weighting the asset class at its strategic quota. “At present, we prefer an average medium duration for US dollar and euro bonds, with short-term bonds weighted neutrally, long-term bonds underweighted, and medium-term bonds overweighted,” says Budelmann. High-yield bonds should still be approached with caution, even though the previously strong underweight has recently been slightly reduced.

**Alternative Investments: gold expected to shine again in 2026**

“We have a decidedly positive view on alternative investments. The main reason for this is gold,” says Budelmann. Despite the strong rally, from which Bergos mandates benefited in 2025 due to the gold overweight in line with the house view, there are reasons to maintain this overweight. Both the expected interest rate cuts in the US and a slight weakening of the US dollar could support further price increases. Central banks are increasing their gold reserves, and investors view gold as a natural hedge in turbulent times. Convertible bonds also remain an important component of Bergos’ alternative investment portfolios. However, following the well above-average price gains in 2025, they are being reduced to a neutral position.



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