

## Letter from the President and the Fund Managers January 2026

Geneva, 17 January 2026

### 2025 IN BRIEF

After a very uncertain first quarter for the markets, with a low point reached on 8 April just a few days after the “Liberation Day” announcements signalling a massive increase in US tariffs for the country’s trading partners, the stock markets began a steady upward trend that continued right through to the end of the year. The major regional indexes in both the industrialised nations (Europe, North America, Pacific Basin) and the emerging countries (led by China, which managed to surprise the consensus), recorded relatively uniform and, overall, highly satisfactory results.

This performance in 2025 was achieved despite the growing geopolitical tensions and an increased number of conflicts. The concerns triggered by the White House announcements persisted over the year as a whole. The last increase of this order of magnitude was seen in the 1930s when it contributed to worsening the economic recession following the crisis of 1929. Contrary to the case in 1929, these tariffs were not introduced against a backdrop of severe recession, since the growth outlook for companies was quite favourable, boosted by the prospect of colossal investments – particularly in infrastructure – coupled with the widespread application of artificial intelligence and the associated promises of increased productivity. Another factor supporting the markets was that the tariff increases were largely unilateral as the United States did not suffer any overall retaliatory measures, thus sparing the world the disastrous consequences of a full-blown trade war.

Ultimately, 2025 will have been a year of moderate growth for the United States, with the tariffs having a marginally negative impact on its economy, while being a fairly positive year for China and Europe. Inflation showed no signs of overheating in the wake of this activity, falling to below 3% in the United States, around 2% in Europe and 1% in China. Inflation was thus contained in 2025 without any link to the inflation wall of 2022-23, which had greatly worried the central bankers and financial markets and enabled the G10 central banks to maintain an accommodating stance. Growth, controlled inflation and declining (or stabilising) rates – all of these were positive factors that enabled cyclical assets (equities and corporate bonds) to undergo a steady increase.

The pressure on multilateralism also prompted Europeans to implement investment plans amounting to almost 8% of the zone’s GDP. At the same time, the United States saw unprecedented growth of around 20% in data processing infrastructure.

The only downside is the extreme uncertainty surrounding the increase in geopolitical risk, which is driving up hedging investments against this type of risk: gold and precious metals.

In such a generally favourable environment, global equities rose 20% (expressed in dollars), and emerging market equities also benefited from this development, going up by 28%. European equities marginally outperformed US equities, increasing by 18% compared with 16% for the S&P 500, a fact rare enough to be worth mentioning. When it comes to bonds, the results are more mixed because, while equities enjoyed a more consistent rally in 2025, the environment was not conducive to bonds. US 10-year yields fell significantly by some 40 basis points, which was due primarily to the decline in real interest rates. This reflects the impact of the Fed’s interest rate cuts and the US Treasury’s efforts to convince the markets of the credibility of its fiscal trajectory. The opposite was true in Europe, with 10-year rates increasing by 49 basis points, due essentially to the rise in real rates (declining inflation and stable nominal interest rates). The European investment plans that were announced (particularly in the defence sector) and the European budget deficits are largely responsible for this state of affairs. Given the interest rate differential, the euro gained 13% against the dollar over the course of the year. Commodity prices were driven up by the boom in precious metals. The price of gold rose by 65% over the course of the year while the price of silver – an essential component for solar energy, electric vehicles and AI – shot up by 150%.

### 2026: OUTLOOK

The combination of these different factors is positioning the global economy for a period of moderate growth with controlled inflation – sometimes known as a Goldilocks scenario – where the economy is at precisely the right temperature for the markets. Given the consensus that has formed on the financial

markets, what can we expect for 2026? While the Goldilocks scenario has certainly produced record highs on the stock markets, the price rises are prompting fears of a trend reversal. This naturally brings to mind the early 2000s, with the threat of a technology bubble hanging over the market, given that the stock market indexes are now heavily concentrated on just a few stocks, with the "Magnificent Seven" (NVIDIA, Microsoft, Apple, Meta, etc.) accounting for almost a quarter of the global indexes' market capitalisation. Contrary to the case for the 2000s, however, the major technology stocks are at least generating colossal profits for the most part.

We can therefore still hope for a positive year – the scenario of moderate growth against a backdrop of deflation is continuing, and it will take several quarters of strong growth before inflation becomes an issue for investors again. In this environment of controlled inflation, the prospect of the central banks maintaining the status quo (or even making a few more interest rate cuts) is further improving the positive outlook for 2026.

There are, however, three threats that could slow this growth: a continued period of positive real interest rates in Europe and the United States, which would hamper growth in the medium term, the recent tensions in the liquidity markets, which could unsettle investors, and the risk of AI companies' profits being lower than originally expected. The resulting derating (return of stock prices to their economic fundamentals) would have a profound negative wealth effect, particularly in the United States, which in turn would weigh on global growth and profit prospects. These three threats would still seem to be far off, however. Inflation seems to be receding, the global economy appears to be content with positive real interest rates at the moment, and AI appears to be creating a domino effect rather than slowing economic growth.

In the light of the return to a more balanced economic situation in terms of fundamentals, our fund managers appear to be anticipating further convergence in global performance – especially to the benefit of bonds this time, rather than a year marked by difficult performance.

## DEVELOPMENT IN THE VALUE OF CPIC SHARES

### Segment A (in EUR):

Management of segment A is diversified with, on the one hand, active management (aimed at outperforming the mandate's benchmark over time, with controlled risk) and, on the other hand, risk budget management (aimed at controlling risk while still ensuring a return). The portfolio is exposed to short-term fluctuations in the financial markets, both upwards and downwards, but in a controlled manner by virtue of active management and strong diversification.

This portfolio has benefited from the rising markets and, at the end of December 2025, its valuation had risen from EUR 293.48 to EUR 309.21, representing a performance in EUR of +5.36%.

### Segment B (in EUR):

Management of segment B is focused on the preservation of capital, combining money-market investments with conservative, diversified risk-primacy management.

The value of the segment B share increased from EUR 168.14 to EUR 172.52, representing a performance in EUR of +2.60%.

### Segment C (in CHF):

The management of segment C is comparable to that of segment A, with similar risks but managed in Swiss francs. The robust appreciation of the Swiss franc has meant less pronounced gains.

The value of the segment C share rose from CHF 124.35 to CHF 127.39, representing a performance in CHF of +2.44%.

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