findependent Market Report - 2025

Review of Q2 2025

TThe second quarter brought investors on a rollercoaster ride. Things kicked off on April 2nd when U.S. President Trump rattled markets with his (temporary) announcement of new tariffs on imports to the world's largest economy. The move sparked deep market uncertainty. Fortunately, the U.S. leader “listened” to market reactions and quickly shelved the most extreme parts of his plan.

Almost unnoticed, the Swiss National Bank (SNB) cut its key interest rate to 0%. We explain what this era of zero interest rates means for investors below.

Review

Our main asset classes showed the following performance (in CHF):

- CHF Corporate Bonds: +0.7%
- Swiss Government Bonds (3–7 years): +0.5%
- Swiss Real Estate Funds: +0.5%
- Global Equities: +0.5%
- Swiss Equities: -2.5%
- Gold: -5.4%

Uncertainty about the global economy due to Trump’s tariff threats, along with the security situation in Europe and the Middle East, sparked by Israel’s attack on military facilities in Iran, led to capital inflows into the well-known “safe haven,” the Swiss franc. Consequently, long-term yields in Switzerland fell, which boosted the value of top-quality CHF bonds and Swiss “concrete gold” (real estate). In contrast, the upward momentum of gold came to a halt for now.

Thanks to the U.S. President's multiple U-turns on his more extreme tariff proposals, global equities managed to recover from steep temporary losses in April.

Assessment

Ongoing trade talks between the U.S. and the rest of the world, along with various geopolitical hotspots, will likely continue to dominate headlines. With so much in flux, it’s impossible to predict the exact impact on financial markets, so we won’t try.

Instead, we believe the most relevant event for our clients took place closer to home.

On June 19, 2025, the SNB lowered its key interest rate by 0.25 percentage points to 0% — the sixth rate cut since March 2024. The SNB cited falling inflation and the strong Swiss franc as reasons for the move.

To prevent inflation from falling too far into negative territory for too long, the SNB used one of its key tools — the policy rate. This aligns with its core mandate: to conduct monetary policy in the best interest of Switzerland by ensuring price stability and supporting the broader economy.

In simple terms, the SNB aims for steady inflation of 0–2% per year, a stable Swiss franc, and a healthy economy, a delicate balancing act that’s extremely challenging to maintain.

A look back into the past helps: something similar happened in early 2015, when the SNB first set its key interest rate below 0%. Due to the continued strength of the Swiss franc, this marked the beginning of the negative interest rate era. It was an unusual phase, and some negative consequences became apparent. In addition, winners and losers emerged.

Winners included borrowers, such as homeowners and businesses, who saw their interest payments fall sharply while the value of their assets increased.

Losers were savers, who received no interest on their deposits and faced ever-rising fees for their banking products.

Over time, a pattern emerged: many individuals and businesses felt “forced” to invest their savings. Simply put, anyone who wanted their money to work for them could no longer leave it sitting in a bank account.

We don’t know whether there will be a second phase of negative interest rates or how long it would last. But it is possible. We believe that all investors should be prepared for this. The following recommendations can help:

1. **Save on unnecessary bank fees:** Switch to low-cost providers for accounts and investment platforms if you can.
2. **Understand your financial situation:** If you have more liquid savings than your “emergency fund” (typically about six months of living expenses), consider investing the surplus.
3. **Tailor investments to your needs:** Make sure your investments align with your financial goals and situation, avoiding both excessive risk and excessive caution.
4. **Choose low-cost ETFs:** For most people, broadly diversified, low-cost ETFs are the most efficient way to invest, so you keep more of your returns.
5. **Stick to your strategy:** Market fluctuations are part of investing. Only those who stay the course can achieve strong long-term returns.

Outlook

We don’t make predictions. Our approach remains simple:
Invest for the long term, diversify broadly, and keep costs low.