

Investments - Flash

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SWISS LISTED REAL ESTATE CONTINUES TO BENEFIT FROM LOW INTEREST RATES

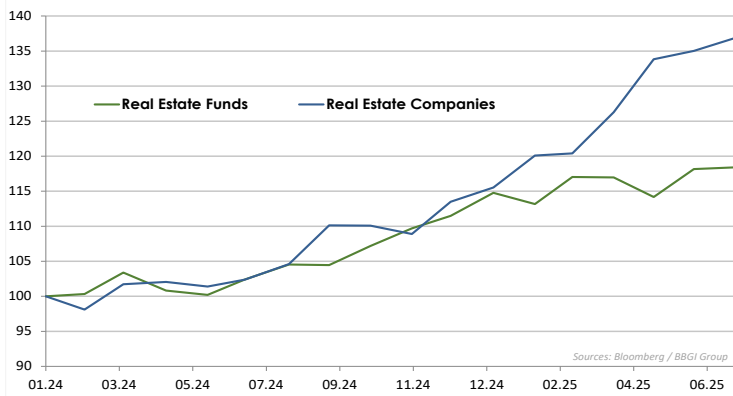
Yields and risk premiums still attractive

Swiss real estate was again heavily influenced this quarter by volatility in short- and long-term interest rates. The fall in long-term yields following the introduction of customs tariffs in April supported the rise in the value of investment funds and real estate companies. After an initial brief negative reaction, listed real estate resumed a quiet upward trend before experiencing some profit-taking at the end of the period. Real estate yields continue to attract investors (2.3% and 2.78%), but high premiums (33% and 27%) are already acting as a brake on further significant gains in the future. In Q2, fund performance was positive at +1.24%, but moderate and well below the results achieved by Swiss real estate companies (+8.4%), whose Q2 performance followed an already impressive Q1 gain of +10.21%. The situation in terms of interest rates and inflation remains favorable for this market segment,

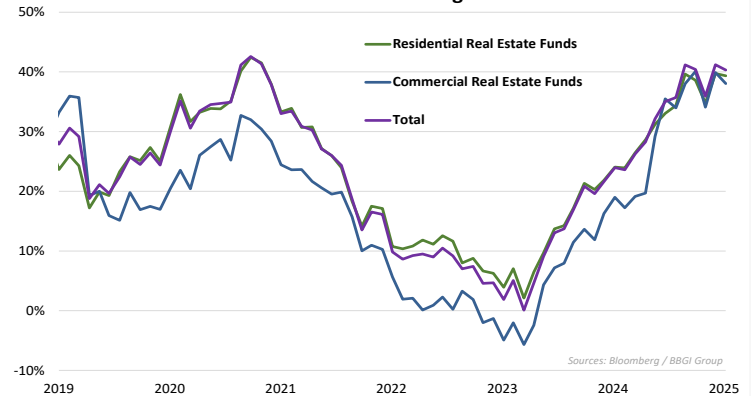
significantly reducing the cost of financing real estate and improving the discounting of future rental income. Beyond the SNB's monetary policy, low Swiss franc yield curves have also contributed to expectations of improved carrying costs for real estate investments, construction projects, and the valuation of existing assets. Our expectations of rate cuts have largely materialized in recent months, producing the expected effects on these assets. There is very little risk of rates quickly resuming an upward trend, as inflation stabilizes close to zero. However, given the tight spreads, risks are increasing, although they remain low in the specific context of likely persistently low rates. The risk premium remains attractive, particularly for real estate companies.



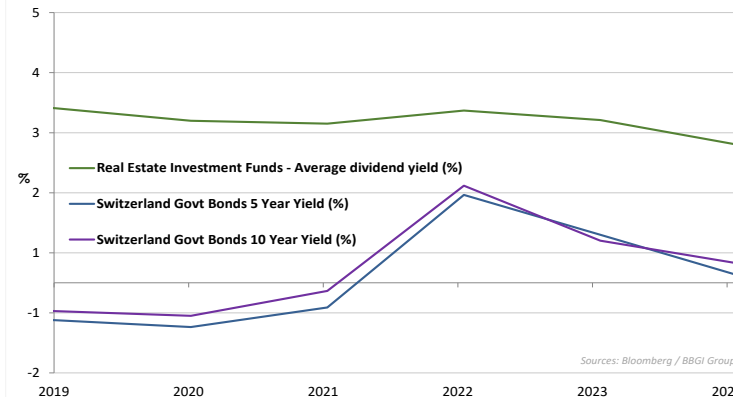
Real Estate Performance



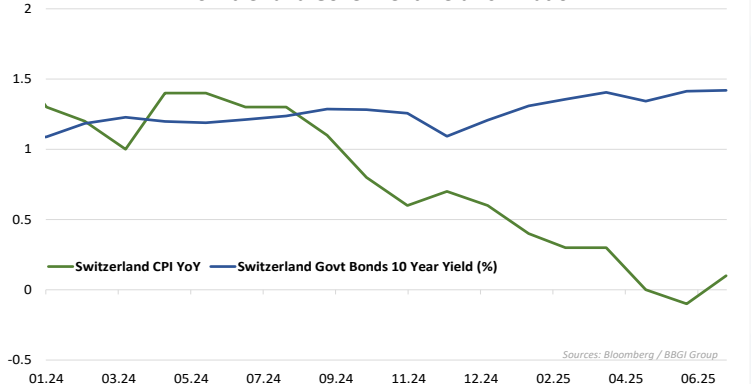
Real Estate Funds Agios



Government and Real Estate Yield



Switzerland Government Yield vs Inflation



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