



INVESTMENT OUTLOOK

2026

MIRABAUD

Accountable for generations

THE YEAR OF STRATEGIC RE-PRIORITISATION



2026 may prove to be the year when the Western world is pressed to spell out its priorities with far greater clarity.

Ricardo Castillo
Head of Investments
Mirabaud Wealth Management

Addressing deep inequalities in advanced economies, securing critical resources and supply chains, maintaining credible defence capabilities, and responding to demographic decline — all while dealing with rising tensions around immigration — will stretch both governments and markets.

At the same time, policymakers and investors must capture the opportunities offered by the AI revolution while preparing for its strain on energy systems and power grids. This is the backdrop against which decisions will be taken in 2026; it is a context that demands reading the markets with precision.

These challenges will push governments, central banks, and institutional investors towards more deliberate coordination. A broader form of state capitalism is likely to emerge, with capital and policy increasingly steered towards strategic national objectives.

Some long-standing concerns may be pushed aside as immediate structural pressures dominate. Fiscal deficits and rising public debt, for instance, are at risk of being deprioritised again, despite their long-term consequences and the near-term impact on private-sector financing. By contrast, sectors aligned with strategic priorities will attract capital, policy backing, and regulatory momentum, becoming central destinations for future investment flows.

A pragmatic, evidence-based mindset is essential. Ideological filters often cloud judgement; clarity comes from focusing on what can be measured and what is already unfolding. If these structural issues remain unaddressed, political polarisation will deepen, raising the stakes for credible solutions. The outlook for 2026 is therefore one of cautious optimism, paired with an unvarnished recognition of the scale of the transition ahead.

Against this backdrop, Mirabaud's experts have assembled their key insights for the year ahead. The brochure opens with a macro lens on the forces reshaping the investment environment, followed by a strategy section that sets out positioning and high-conviction themes. It concludes with deep dives into equity opportunities — areas viewed as essential for staying invested through this period of structural change.

If there is one principle I would urge you to take to heart, it is that diversification remains the most reliable tool for managing risk — particularly at a time when structural shifts create both opportunity and uncertainty.

Should you wish to explore any of these topics further or discuss their implications for portfolios, please do not hesitate to reach out.

Enjoy the read.

CONTENTS

03. Foreword

06. Macroeconomic

Triple easing in the United States

Fiscal policy at the heart of the European recovery

Focus:

1. *The independence of the Fed*
2. *The battle of Congress*
3. *Switzerland: stable growth*

16. Investment strategy

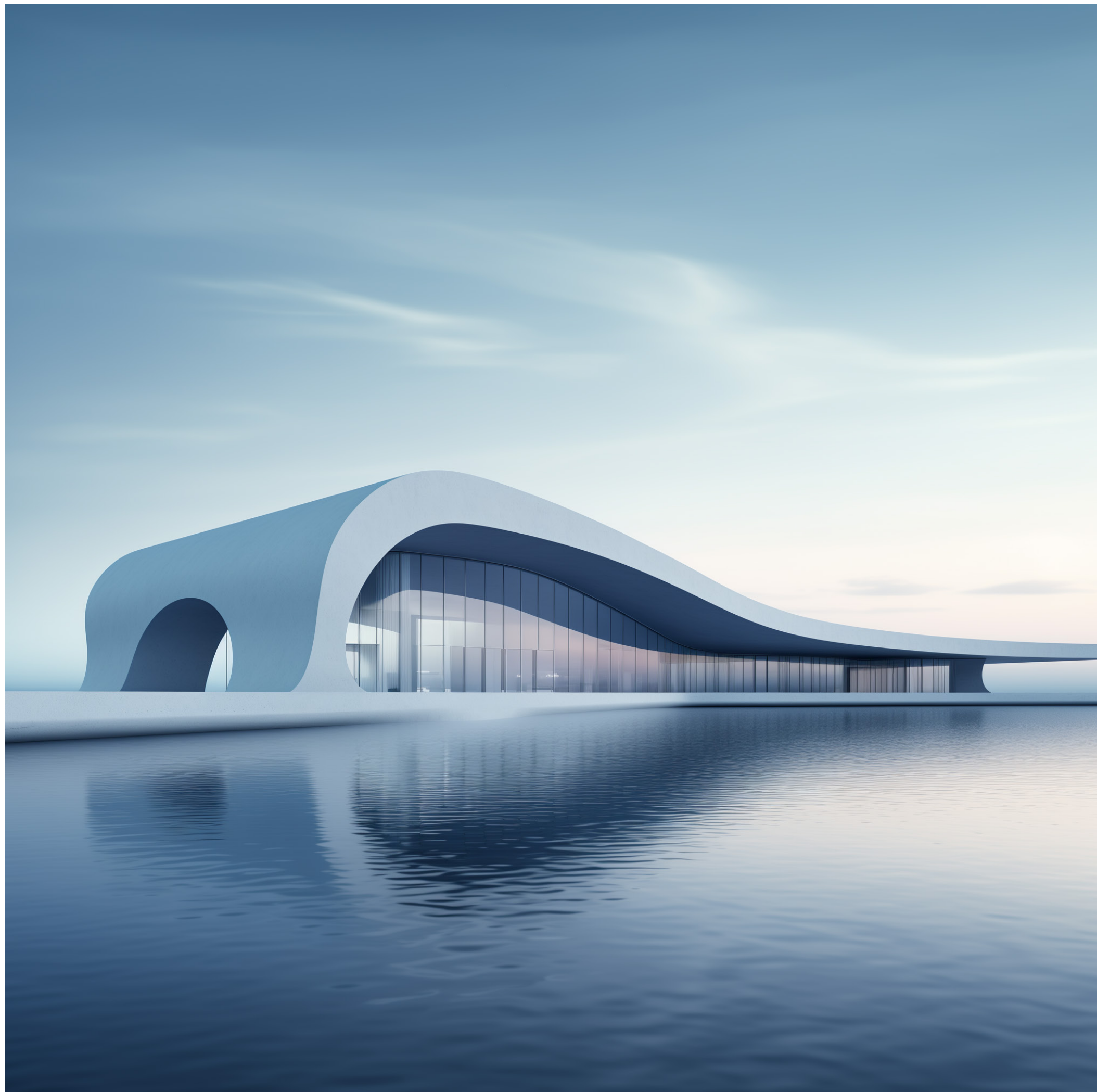
Equities: earnings as the main driver of performance

Bonds: continued steepening of yield curves

Dollar under pressure

Focus:

1. *Artificial intelligence*
2. *Small and mid-caps*



01. MACRO-ECONOMIC OUTLOOK

The year 2026 looks set to be pivotal for the global economy, marked by a delicate transition amid post-pandemic resilience, persistent inflationary pressures and geopolitical upheaval. For the major developed economies, the balance between growth and inflation will remain fragile. They will also have to navigate between ongoing trade tensions and a technological revolution driven by artificial intelligence.



Valentin Bissat
Chief Economist and Senior Strategist
Mirabaud Asset Management



In 2026, growth will remain stable compared to 2025, at just under 2%.

TRIPLE EASING IN THE UNITED STATES

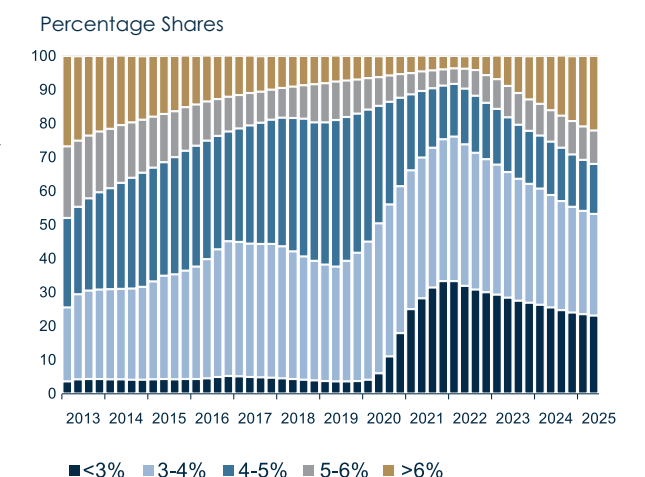
The United States is expected to continue to evolve in an environment of triple easing: fiscal, monetary and regulatory. Investments in artificial intelligence played a key role in the economic recovery of 2025, as did the surge in technology stocks, which boosted household savings. To prolong this momentum, it will be essential to step up investment in disruptive technologies and boost productivity, which is the only way to sustain real economic activity in the long term. Despite the slowdown in the labour market, consumption will remain a pillar of growth, provided that the wealth effect continues. However, modest job creation will not necessarily reflect weakness in the labour market, but rather a new norm linked to demographics and migration policy. In 2026, growth will remain stable compared to 2025, at just under 2%.

The property market is likely to be one of the main sources of tension in the United States in 2026. Traditionally, periods of monetary easing favour a recovery in property prices and activity. However, the current cycle is an exception to the rule: although the Fed began lowering key interest rates in 2024, the long end of the bond yield curve tightened due to persistent concerns about public debt and inflation. As a direct result, mortgage rates remain high, above 6%, limiting the effect of monetary easing on the residential market. This situation is hampering household mobility, with nearly 70% of households benefiting from fixed-rate mortgages below 5%. Unwilling to give up these favourable conditions, they are reluctant to move, which contributes to maintaining historically low housing supply and high prices.

Faced with this dynamic, the Trump administration is considering making housing a political priority, going so far as to suggest the possible declaration of a national emergency. Solutions are being examined, but they face structural constraints, while non-mortgage costs (insurance, property taxes) continue to rise.

On the Federal Reserve side, monetary easing will remain moderate, with a terminal rate close to 3%. Only a sharp economic slowdown, a scenario we rule out for 2026, would see the Federal Reserve lower its key rates further. The coming change in leadership at the Fed will also be a key factor; please refer to the dedicated insert.

US Outstanding Mortgage Rate
(Value weighted by the value of unpaid principal balance of outstanding mortgages)



Sources : FHFA, Macrobond, Mirabaud Asset Management

FISCAL POLICY AT THE HEART OF THE EUROPEAN RECOVERY

In Europe, the adoption of AI has been slower, hampered by regulatory constraints and an industrial fabric that is less oriented towards digital services. The main driver of growth will be fiscal policy. The eurozone's fiscal policy is expected to become expansionary in 2026, with the deficit for the zone as a whole rising from 3.2% of GDP to 3.5%. Germany is forecasting a record deficit of 4.8% of GDP, mainly due to increased military and infrastructure spending, while France is aiming for moderate consolidation, although its budget remains uncertain and exposed to political risks. Italy, meanwhile, could exit the excessive deficit procedure earlier than expected thanks to higher tax revenues and control of public spending. However, it still faces challenges related to the end of the European Union's NextGenerationEU programme. Public investment in the eurozone could therefore reach its highest level since the financial crisis, supported by European funds, some of which have yet to be deployed; growth could reach 1.2%. However, rising borrowing costs are likely to reduce fiscal space from 2027 onwards, and structural deficits will remain a concern in the longer term.

In this context, the European Central Bank is expected to keep its monetary policy unchanged. Positive surprises in economic growth are compounded by persistent inflation in the services sector. However, other indicators such as the strength of the euro, slowing wage growth and the impact of the trade war are broadly disinflationary for Europe.

The United Kingdom is attempting to offset post-Brexit losses with an aggressive trade strategy, but growth is expected to slow, hampered by a weaker labour market and fiscal uncertainties. As a result, the Bank of England will continue to cut key interest rates in 2026.

In China, AI also plays a central role in the technological sovereignty strategy. However, its deployment faces energy and infrastructure challenges, including rapidly rising electricity



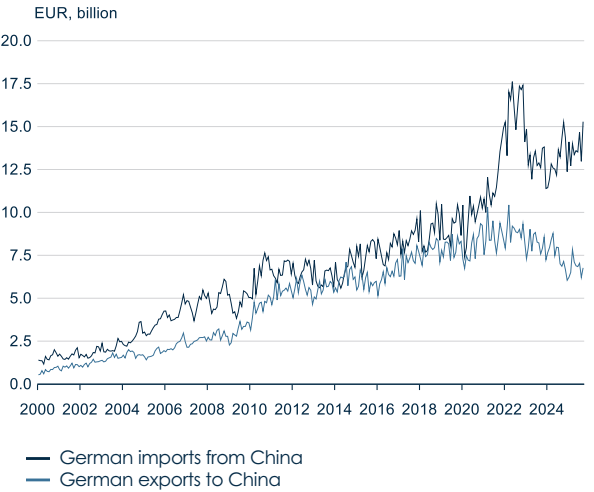
The eurozone's fiscal policy is expected to become expansionary in 2026, with the deficit for the zone as a whole rising from 3.2% of GDP to 3.5%.



demand from data centres and the need to upgrade networks. After a year of trade tensions and moderate recovery in 2025, growth could surprise on the upside in 2026. If the announced public investments are deployed quickly, growth could exceed 4.7%. The People's Bank of China is expected to maintain an accommodative policy, targeting consumption and investment. On the geopolitical front, tensions with the United States over rare earths and technological components will remain high despite the recent easing.

In short, 2026 will be a year of transition, with central banks having to balance growth and price stability, governments managing fiscal and geopolitical tensions, and businesses adapting to an ongoing technological revolution. Investors will need to exercise discernment to navigate an environment marked by innovation, volatility, and trade fragmentation.

Goods trade between Germany and China



Sources : DESTATIS, Macrobond, Mirabaud Asset Management

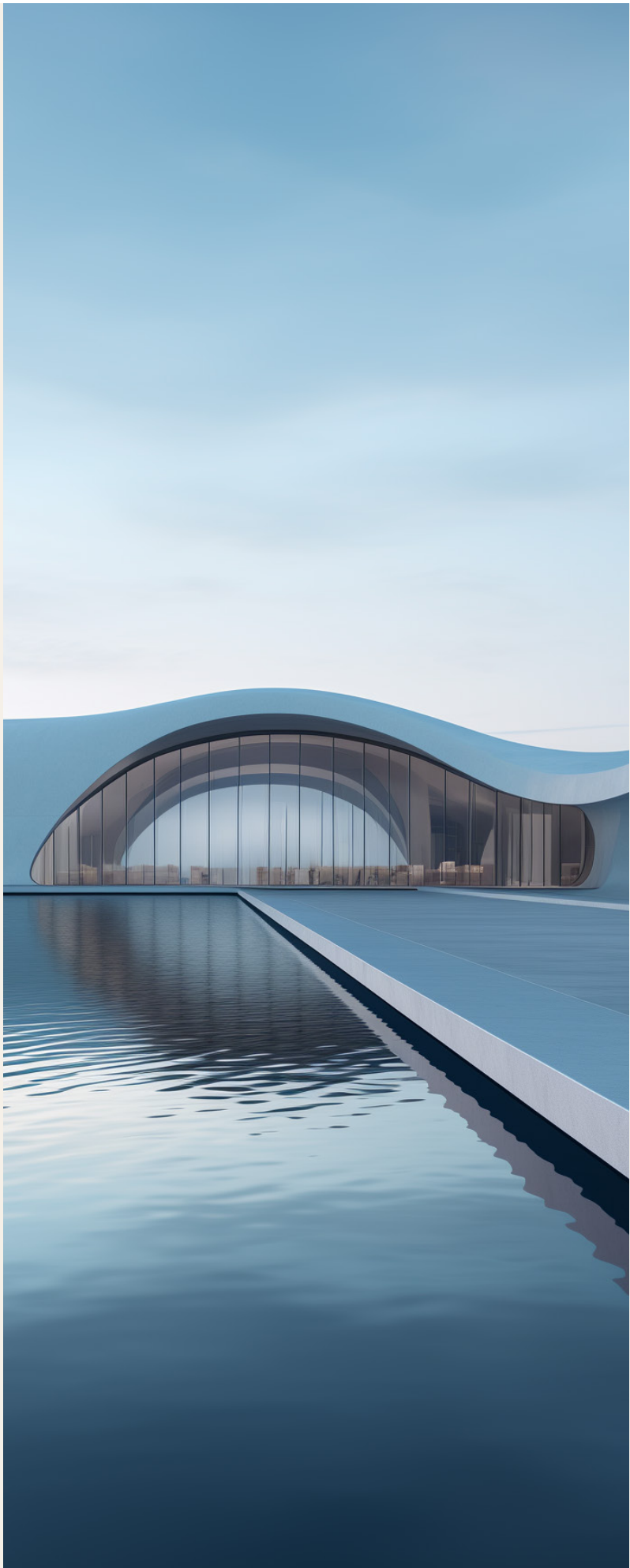
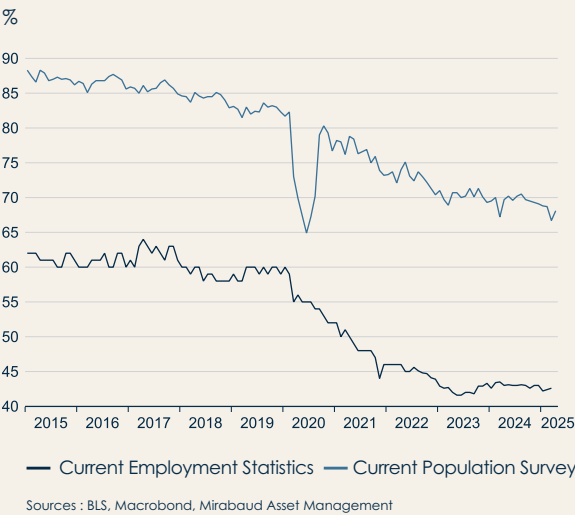
THE INDEPENDENCE OF THE FED: A WEAKENED PILLAR

The independence of the US Federal Reserve (Fed), long considered a bulwark against political upheaval, is currently under strain. This principle, which allows the central bank to conduct its monetary policy without direct outside interference, is based on a nearly century-old legal precedent: Humphrey's Executor (1935), named for a US Supreme Court decision. It protects Fed members from arbitrary dismissal, thereby ensuring the stability of monetary decisions. But this legal foundation, which has been solid until now, is beginning to crack.

When politics enters the boardroom

Recent court rulings have opened the door to an unprecedented scenario. The Trump v. Wilcox ruling suggests that the Supreme Court could allow the president to dismiss members of independent agencies without cause. While the Fed remains an exception for now due to its atypical structure, concern is growing. The Trump administration is already attempting to remove Governor Lisa Cook, without legal basis. The Supreme Court has suspended the decision, but a substantive review is scheduled for January. And behind this legal battle looms a crucial question: how far will the politicisation of the Fed go?

US Employment Report
Survey Response Rates



Jerome Powell's term as Fed chair ends in May 2026. And each departure from the Board of Governors will be an opportunity for Trump to appoint individuals who favour a more accommodative monetary policy. A Fed reshaped by political appointments could radically change the trajectory of interest rates.

In addition to these institutional tensions, there is a technical challenge: the quality of economic data. Massive revisions to employment figures, sometimes involving hundreds of thousands of jobs, weaken the basis on which the Fed makes its decisions. Budget cuts in statistical agencies, declining survey response rates and political pressure accentuate this risk. Biased data means blind monetary policy.

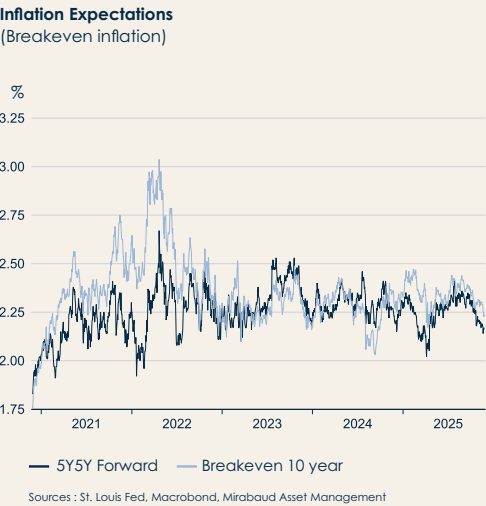
The spectre of unanchored inflation expectations

These attempts to politicise the Fed have a clear objective: to steer monetary policy in line with the Trump administration's economic priorities, notably by stimulating credit and the property market. They also aim to mitigate the negative effects of this expansionary policy, such as worsening deficits, higher debt costs and dollar depreciation — all factors that threaten the sustainability of US debt.

This strategy, which consists of maintaining interest rates at low levels despite rising inflationary pressures, has a name: financial repression. Historically used after the Second World War, this strategy allows the government to finance large deficits without causing borrowing costs to skyrocket, but at the cost of undermining the credibility of the central bank and causing inflation expectations to become unanchored.

The implications are serious: higher risk premiums and a steepening yield curve,

falling foreign demand for US Treasury bonds, and a weakening dollar, which is already gradually losing its status as a safe haven.



Financial repression, despite its short-term benefits, could create a vicious circle of high inflation and increasingly accommodative monetary policies, potentially leading to a crisis of credibility for the Fed. In this context, gold and Bitcoin, physical and digital stores of value respectively, offer significant advantages. As real assets, they protect against the loss of purchasing power caused by inflation and currency depreciation. They also act as a stable store of value when confidence in fiat currencies declines.

Valentin Bissat
Chief Economist and Senior Strategist

THE BATTLE OF CONGRESS: A TURNING POINT FOR WASHINGTON AND WALL STREET

The 2026 midterm elections are not just another contest: they are shaping up to be a decisive moment for Donald Trump's presidency and for the economic direction of the United States. On 3 November, Americans will renew all 435 seats in the House of Representatives and 35 of the 100 seats in the Senate, thereby redrawing the map of power in Washington.

Why is this so crucial? Because these elections could mark the end of Trump's legislative momentum or, conversely, give him a clear path to pursue his economic and trade agenda. Currently, the president, who was re-elected in 2024, has a slim majority of six seats in the House of Representatives. But his low approval rating suggests a difficult battle ahead: historically, the incumbent president's party loses seats in midterm elections – 20 times out of 22 in the last century! Current polls confirm that this trend could repeat itself.



On 3 November, Americans will renew all 435 seats in the House of Representatives and 35 of the 100 seats in the Senate.

In the Senate, where only a third of the seats will be up for re-election, the situation is different. The Republicans will defend 22 seats against 13 for the Democrats. The latter will need four net gains to retake control of the upper house, but the electoral map is stacked against them: several Democratic candidates are

running in states won by Trump in 2024. In other words, a swing is possible, but unlikely.

The scenarios

- If the Democrats regain control of the House of Representatives, Trump will enter a phase of legislative gridlock, with Congress focused on checking the executive branch. The president's ability to pass legislation would be severely limited, except in the case of bipartisan compromise. The administration's protectionist ambitions would be partially curbed.
- If the Republicans retain both chambers, their agenda would be strengthened: trade policy focused on tariffs, deregulation, fiscal expansion and energy independence would persist.

USMCA: the other battle being fought behind the scenes

At the same time, trade policy will remain a key issue in 2026. The United States-Mexico-Canada Agreement (USMCA) will be reviewed in July. There are three possible scenarios:

1. If all parties agree to its renewal, the free trade agreement will remain in force for a further 16 years.
2. If there is no consensus between Mexico, Canada and the United States, the agreement will enter a phase of annual reviews for a maximum period of 10 years.
3. One or more countries could withdraw from the agreement.

Although unlikely, the last scenario would cause a major shock to the automotive, energy and agriculture sectors. Trump is likely to use this review to gain trade advantages, even if it means increasing tensions with his partners.

What next?

The upcoming mid-term polls will not decide the 2028 presidential election, but they could redefine the balance of power. A loss of the House would weaken Trump and pave the way for a political reshuffle. However, even in this scenario a significant reversal of Trump's tariff policies is not expected. Tariffs are likely to remain in place, as they have historically been part of the Democratic Party's economic strategy, but the rhetoric will probably be less confrontational. The Democrats are likely to place greater emphasis on broader economic issues such as inflation and purchasing power, using the inconsistency of Trump's tariff policies as a point of criticism to gain electoral advantage. A Republican victory, on the other hand, would consolidate Trump's influence and prolong his economic agenda.

Valentin Bissat
Chief Economist and Senior Strategist

Trump Favorability Rating



SWITZERLAND: STABLE GROWTH IN AN UNCERTAIN GLOBAL ENVIRONMENT

Swiss economic growth is expected to remain relatively stable next year, at just over 1%. The economic recovery in Europe should have a positive impact on the Swiss economy, while monetary policy will remain accommodative and the reduced tariffs imposed by the United States should provide some relief to the industrial sector compared to the initial situation.

For manufacturing companies, growth in employment and investment is expected to remain moderate, with wages expected to rise by around 1.3% in 2026, a slowdown compared to 2025. While some sectors are showing resilience, external pressures, particularly US customs duties, are weighing on the business climate. Private consumption will continue to be the main driver of growth, although downside risks related to employment and purchasing power remain. Inflation expectations remain subdued, with a downward trend driven by the strength of the Swiss franc and a slight slowdown in the services sector. In the longer term, inflation is expected to stabilise at around 1.1%, within

the fluctuation margin defined by the Swiss National Bank (SNB).

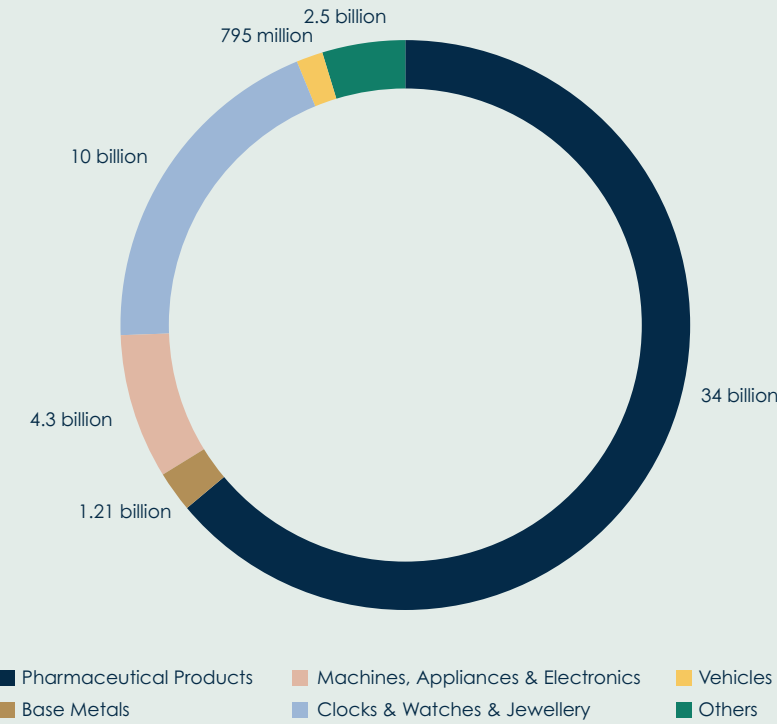
US trade policy remains a major risk for Switzerland, despite the reduction in tariffs to 15% from the current 39%. The pharmaceutical sector has been spared for the time being, but customs duties could be announced between now and the end of the year. It should be noted that only 6% of total Swiss exports are currently affected by US customs duties. Furthermore, around 20% of Swiss companies report being directly or indirectly affected by these tariffs. While this situation is certainly causing considerable uncertainty regarding industrial investment, the negative effects remain confined to export sectors and are not spreading to the whole economy, particularly sparing the service sector, thus limiting concerns.

Current monetary policy remains expansionary, and the key interest rate cuts of 2025 will continue to have a delayed effect in supporting real economic activity.



In the longer term, inflation is expected to stabilise at around 1.1%, within the fluctuation margin defined by the Swiss National Bank (SNB).

SWITZERLAND EXPORTS TO THE UNITED STATES IN 2024



Sources: FZV, Macrobond, Mirabaud Asset Management

With the Swiss franc close to its historic highs against the euro, the SNB faces a delicate situation. A further rate cut seems unlikely in the short term, with a key interest rate of 0% envisaged for next year unless there is prolonged deflation, a significant appreciation of the Swiss franc or a marked deterioration in the global economic environment. The SNB will continue to intervene in the foreign exchange market to limit the volatility of the Swiss franc.

On the foreign exchange front, the Swiss franc is expected to appreciate slightly against the US dollar, reflecting the divergence in monetary policy between Switzerland and the United States, while the

exchange rate against the euro is likely to remain relatively stable.

In the medium term, the implementation of the trade agreement between the United States and Switzerland will remain a focus of attention. Structural measures to boost productivity will be essential in this environment, as Switzerland faces a challenging economic climate in which its main export drivers will remain under pressure.

Marie Thibout
Economist & Senior Strategist

02. INVESTMENT STRATEGY

The Goldilocks scenario, involving moderate growth and inflation in the United States, remains relevant, as does the prospect of a cyclical recovery in Europe. These dynamics should continue to support risky assets in 2026.



According to several estimates, AI could generate a 1% increase in labour productivity, depending on its rate of adoption.

EQUITIES: EARNINGS AS THE MAIN DRIVER OF PERFORMANCE

Stock market valuations, particularly in the United States, remain high. However, the Fed's continued rate cuts, the stabilisation of its balance sheet, and investor positioning showing no signs of overbought conditions are reassuring factors. That said, the potential for further valuation gains appears limited. As in 2025, corporate earnings are likely to remain the main driver of equity markets.

In the United States, corporate earnings are expected to grow by 14% in 2026, driven by the technology sector and productivity gains linked to AI. According to several estimates, AI could generate a 1% increase in labour productivity, depending on its rate of adoption. Exposure to the US technology sector therefore remains essential, despite high valuations. This is not a bubble: these valuations are linked to very strong and sustainable earnings growth. They are perfectly acceptable when comparing current prices to 3-year or 5-year earnings growth. However, the entry of AI into its industrial phase is likely to disrupt capital allocation. See our specialist's analysis in a dedicated section.

In Europe, earnings growth was modest in 2025 amid a fragile economic environment. But the expected recovery in Germany, supported by a fiscal stimulus package, should change the situation. The dissipation of uncertainties related to

global trade is providing greater visibility for companies, which are adapting their supply chains. In 2026, European corporate profits are expected to grow by double digits. European industrial sectors and small and mid-cap companies are likely to be the main beneficiaries of this recovery, given their sensitivity to the economic cycle. Swiss small and mid-cap companies should also benefit, thanks to the openness of the Swiss economy and its close ties with Europe.

Earnings growth forecasts
(%, Factset consensus)

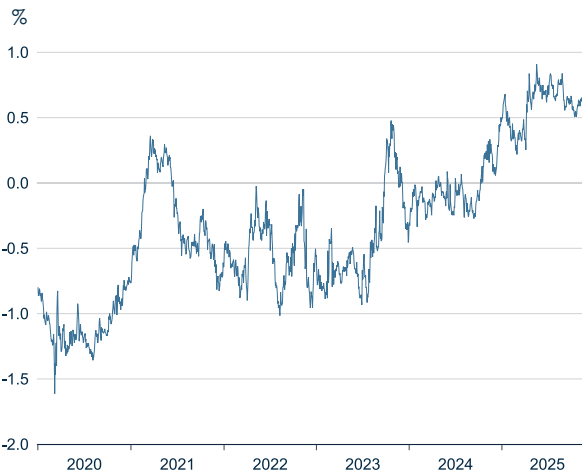


Sources : Macrobond, Mirabaud Asset Management
IT : Information technology

BONDS: CONTINUED STEEPENING OF YIELD CURVES

In the United States, key interest rates could fall by a further 75 basis points between now and the end of 2026. This dynamic should prolong the steepening of the yield curve, mainly as a result of a further fall in short-term rates. Inflation linked to higher tariffs is expected to peak in mid-2026 before easing, which will provide moderate support for long-term bonds at the end of the year. However, resilient US growth and persistent concerns about the sustainability of public debt will continue to push investors to demand a high term premium. This is therefore unlikely to ease in the short term.

US Term Premium
(10-year sovereign yield)



Sources : New York Fed, Macrobond, Mirabaud Asset Management



Inflation linked to higher tariffs is expected to peak in mid-2026 before easing.

In Europe, the situation is different. Fiscal stimulus in Germany and the absence of fiscal consolidation in France should keep sovereign rates at their current, relatively high levels. Unlike in the United States, the steepening of the yield curve has stabilised, with the European Central Bank having completed its cycle of rate cuts.

The end of the Fed's balance sheet contraction should reduce bond volatility and ease financing pressures. Furthermore, corporate default rates are falling, a trend that rating agencies believe to be sustainable. This environment therefore remains favourable for corporate bonds, despite historically low credit spreads. Finally, emerging market debt should continue to benefit from a weaker dollar.

DOLLAR UNDER PRESSURE, STRATEGIC DIVERSIFICATION VIA HEDGE FUNDS OR GOLD

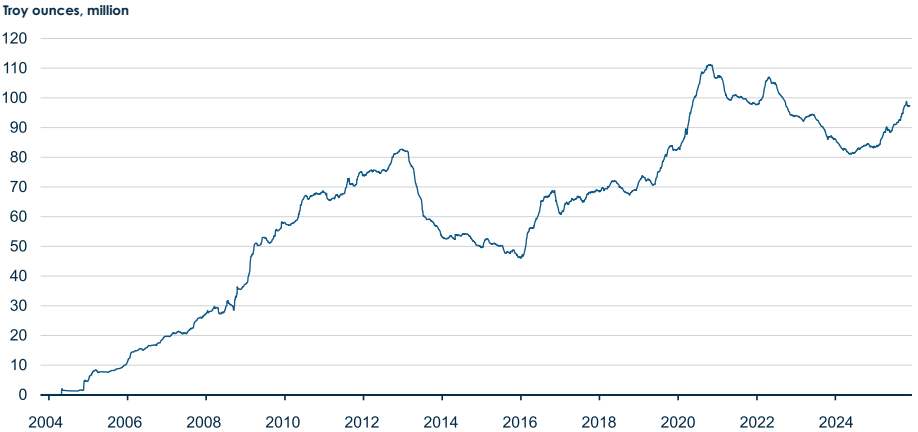
Although the Goldilocks scenario remains our central one, risks remain: a more pronounced slowdown in the US economy, more persistent inflation, or lasting effects from tariff increases. In this context, a diversified allocation including hedge funds, gold and bitcoin allows investors to capture the upside potential of the markets while protecting themselves against these uncertainties.

Gold will continue to play its role as a safe-haven asset in an uncertain economic and geopolitical environment. Demand will remain strong, particularly from central banks in emerging countries and investors via ETFs. Bitcoin, traditionally supported by rising debt and liquidity, now benefits from a better-defined US regulatory framework, lower volatility and inflows from institutional investors. It thus constitutes a digital alternative to gold, enhancing portfolio diversification.

Caution is warranted regarding the dollar. The Fed's rate-cutting cycle is not over, while the labour market is showing signs of slowing down. The interest rate differential is therefore likely to continue narrowing, to the detriment of the greenback. High public debt, political instability and threats to the Fed's independence are fuelling the risks of de-dollarisation. In response, central banks and investors are diversifying their foreign exchange reserves, which will continue to weigh on the dollar.

Conversely, the euro should benefit from the cyclical recovery in Europe and the end of the ECB's rate-cutting cycle. As for the Swiss franc, it should remain strong. The Swiss National Bank appears to have ended its cycle of monetary easing and now favours targeted interventions in the foreign exchange market rather than a return to negative rates.

Total Known ETF Holdings of Gold



Sources : Macrobond, Mirabaud Asset Management

ARTIFICIAL INTELLIGENCE: FROM ALGORITHMS TO INFRASTRUCTURE

Artificial intelligence has moved beyond the realm of software. It is now entering its industrial phase, a period defined less by algorithms than by the physical systems required to sustain them. The transition from experimentation to deployment is exposing the material foundations of digital intelligence: energy, semiconductors, water, and regulation. As in previous technological revolutions, this shift will reshape capital allocation, industrial policy, and the geography of economic power.

The physical limits of intelligence

Over the past year, the capabilities of advanced models have expanded exponentially. Yet their progress now collides with tangible limits. Each new iteration demands more electricity, more cooling, and more specialised chips. Data centres, once discreet components of the digital economy, have become energy-intensive infrastructures, competing with cities and industries for power and water.

This evolution signals a structural change: artificial intelligence has become a physical process. The world is entering an era where access to computing power, energy stability, and grid reliability will determine competitiveness as much as innovation itself. For investors and policymakers alike, the question is no longer only how fast AI evolves, but whether the world can supply the energy and materials it requires.

Energy, capacity and coordination

The pressure on energy systems is already visible. Electricity demand from data-processing facilities has surged across North America and Europe, leading to power-supply constraints and longer connection queues. Governments are beginning to prioritise grid upgrades, while utilities reassess long-term generation capacity.

In parallel, regulatory frameworks are tightening. Water-usage limits, carbon disclosure requirements, and data-sovereignty rules are adding complexity to



Khaled Louhichi
Head of Research
Mirabaud Wealth Management

the expansion of AI infrastructure. These measures mark the emergence of state-capital coordination: as with past industrial transformations, public and private capital are converging to finance strategic assets, from transmission lines to semiconductor fabrication, that underpin national competitiveness.

The geopolitics of compute

Control over computing capacity, data flows, and critical materials has become a new dimension of geopolitical rivalry. Export controls on advanced chips, restrictions on cross-border data transfer, and the localisation of cloud infrastructure are fragmenting what was once a global digital ecosystem.



This shift will reshape capital allocation, industrial policy, and the geography of economic power.

Nations able to secure energy, manufacturing, and data sovereignty will hold a strategic advantage. The new hierarchy of technological power will depend less on intellectual property and more on physical control: of grids, fabrication plants, and information networks.

Capital and adaptation

The investment implications of this transformation extend beyond the technology sector. The build-out of digital infrastructure is fuelling demand for semiconductors, power equipment, construction engineering, and renewable generation. But as in previous capital-intensive cycles, over-investment and regulation could later moderate returns.

Long-term, the focus will shift from expansion to efficiency. The next breakthroughs will likely come not from ever-larger models, but from energy-optimised architectures that do more with less. Progress will increasingly be measured not by computational scale but by energy productivity, how much intelligence can be produced per watt consumed.

A structural theme for the decade ahead

The industrialisation of AI will influence every layer of the global economy. It blurs the traditional line between technology and infrastructure, transforming digital ambition into physical investment. The winners of this phase may not be those designing the smartest algorithms, but those providing the foundations, the energy, materials, and systems, that make intelligence scalable and sustainable.

As governments and markets adapt to these new constraints, AI becomes a mirror of broader structural tensions: scarcity, coordination, and the allocation of limited resources. In that sense, the story of artificial intelligence is no longer just about the future of technology, it is about the future architecture of the real economy.

This is why we see the most immediate opportunities in the early stage of the cycle, where rising infrastructure spending continues to support semiconductors, electrical equipment, and utilities able to secure reliable energy supply. Capital is increasingly moving toward the companies that make artificial intelligence physically possible.

WHY SMALL AND MID-CAPS DESERVE FRESH ATTENTION IN 2026

Beyond the dominance of US mega-cap tech names, a compelling story is emerging: across Europe and Switzerland, small- and mid-cap (SMID) companies are entering 2026 with improving fundamentals yet still trade at meaningful discounts. For wealth investors seeking diversification, the combination of value, resilience and multiple catalysts makes this segment hard to ignore.

A reset after a challenging cycle

From 2022 to 2025, SMIDs faced a challenging backdrop: supply-chain stress, elevated inflation, shifting tariffs, and currency swings that particularly affected Swiss exporters. Yet these pressures also forced businesses to adapt. Many streamlined their operations, rebuilt balance sheets and accelerated efficiency programmes. As a result, they enter 2026 in stronger shape than headlines might suggest.



Across Europe and Switzerland, small- and mid-cap (SMID) companies are entering 2026 with improving fundamentals yet still trade at meaningful discounts.

Several of the headwinds that weighed on earnings are now easing. Tariff effects are normalising, energy costs have stabilised and the US dollar looks less dominant, offering a relief valve for both European and Swiss companies. Early signs of cyclical improvement are appearing across parts of Europe, while Switzerland continues to benefit from its deep pool of globally competitive franchises whose underlying momentum has been temporarily masked by FX trends.

Valuations that stand out

Despite improving conditions, SMID valuations remain unusually attractive. European small caps trade around 13.4x earnings, well below both European large caps and US peers. In Switzerland, valuation dispersion is similarly pronounced, reflecting scepticism about the ability of ‘quality growth’ names to re-accelerate. We see this as an opportunity: the market appears to be overlooking the resilience, innovation and disciplined capital allocation that characterise many SMID businesses.

At a time when global equity exposure is heavily concentrated, SMIDs offer investors a way to access growth that is both under-appreciated and broadly diversified.

A landscape built for selectivity

What makes SMIDs compelling today is not simply that they are cheap; it is that the environment favours companies with the ability to control their own destiny. Across Europe and Switzerland, several themes stand out:

- Margin recovery as input pressures and tariff distortions fade.
- Tailwinds from currency stabilisation, particularly for Swiss exporters.
- Healthy balance sheets enabling strategic bolt-on acquisitions.
- Leadership transitions, bringing renewed focus and clearer capital allocation.
- Ongoing M&A interest from strategic buyers and private equity.

This is an environment that rewards bottom-up research and investment discipline. Many SMID companies have clear ‘self-help’ levers, pricing power and strategic flexibility – qualities that matter more than macro forecasts.



Andrew Lake
Chief Investment Officer
Mirabaud Asset Management

A timely source of diversification

Risks remain, from uneven global growth to the disruptive impact of AI. But SMIDs in Europe and Switzerland have shown they can adapt quickly, often more swiftly than larger peers. And with potential catalysts on the horizon – including improving European demand patterns and the Switzerland–US trade agreement – the opportunity set is broadening rather than narrowing.

For wealth investors looking to diversify beyond crowded large-cap themes, SMIDs offer access to resilient, well-managed companies at sensible valuations. After a decade defined by concentration at the top of the market, the next chapter may well belong to the businesses that have spent years quietly strengthening their foundations.



important Information

This publication is prepared by the Mirabaud Group. It is not intended to be distributed, disseminated, published or used in any jurisdiction where such distribution, dissemination, publication or use would be prohibited. It is not intended for people or entities to whom it would be illegal to send such publication.

This publication is purely informative and should not be construed as an offer or recommendation to subscribe, buy, sell, or keep any financial instrument. It reflects the views of the Mirabaud Group at the date of its publication and is not the result of an independent financial research. Mirabaud Group has no obligation to update, modify or amend this publication, or to otherwise notify a recipient thereof, if any opinion set forth in the publication changes or subsequently becomes inaccurate. Unless otherwise indicated, there are no planned updates to this publication.

This publication (text, images, soundtracks and videos) is the exclusive property of the Mirabaud Group or has been authorised for use. Any full or partial translation, reproduction, representation or adaptation of this publication using any process (graphic, electronic or mechanical, including photocopying and microfilm), and all forms of recording, are strictly prohibited without the express written authorisation of the Mirabaud Group.

This publication has been prepared without taking into consideration the objectives, financial situation or needs of any particular investor. Any investment decision should only be made by the investor after making a detailed and appropriate analysis, taking into account the sales restrictions and any other risk factor, as well as the legal, regulatory, tax and/or accounting consequences of the specific investment. The recipient of this publication should in particular be advised by a professional advisor to consider the suitability of a particular investment taking into consideration his personal and financial situation.

We remind you that certain investment products and services, including deposits, may be subject to legal and / or regulatory restrictions or may not be available worldwide without restrictions.

The information provided is based on sources believed to be reliable. We make every effort to ensure that the information is up to date, correct and complete but make no representation as to its accuracy or completeness. We remind you that all information, opinions and price indications are subject to change without notice.

The performance indications referred to in this publication are not a forecast or guarantee of future results. The value of any investment in a currency other than the base currency of a portfolio is exposed to currency risk. Rates may fluctuate and adversely affect the value of the investment when it is converted to the base currency of your portfolio. The liquidity of an investment depends on supply and demand. Some products may not have a liquid secondary market or may be difficult to value in extreme market conditions, which may result in price volatility and make it difficult to determine a price for the sale of the financial instrument.

The Mirabaud Group cannot be held liable for any negative consequences resulting from the misuse of this publication, including any losses arising thereof.

More information

Mirabaud & Cie Ltd

Bd Georges-Favon 29 - 1204 Geneva - T +41 58 816 22 22

www.mirabaud.com

