

Swiss Equities: A High-Quality Anchor in Global Portfolios

The Swiss equity market remains one of the world's most resilient and structurally attractive investment universes. Characterized by global champions, high profitability, and defensive growth, Swiss equities continue to play a crucial role in well constructed portfolios, particularly at a time when investors seek stability without sacrificing long term return potential. Tommaso Ferrazzo dives deep into the Swiss Equity market, exploring its attractiveness for investors during a time of global uncertainty.



Tommaso Ferrazzo
Head of Wholesale
Coverage Switzerland
DWS

IN A NUTSHELL

- Swiss equities represent one of the most resilient and structurally attractive equity markets globally, supported by high-quality companies, defensive growth characteristics, and strong global revenue exposure.
- Despite its relatively small domestic size, Switzerland hosts global champions across pharmaceuticals, consumer staples, medical financials and Industrials, generating a disproportionate share of revenues outside its home market.
- Structural features such as strong balance sheets, disciplined capital allocation and consistent earnings visibility have historically contributed to lower volatility and shallower drawdowns, particularly in stressed market environments.
- While U.S. equity markets are increasingly driven by growth concentration in mega-cap technology names, Switzerland offers a quality led, defensive growth alternative with more balanced sector exposure.

A Unique Market Defined by Global Leaders

Switzerland's equity market is unlike any other. Though small in size SMI, CHF SMI 1.44Trn, SPI CHF 2.01Trn, SPI Extra CHF 568Bn¹, it is home to multinational leaders in **pharmaceuticals, consumer staples, medical technology, financials, and industrial innovation** – sectors that generate a disproportionate share of revenues globally rather than domestically. This global footprint gives Swiss equities a distinctive blend of:

- **High quality and strong balance sheets**, supported by decades of disciplined capital allocation.
- **Low cyclical**ity, thanks to heavy weightings in defensive growth sectors.
- **Consistent earnings visibility**, which historically provides downside resilience.

Internal performance data, such as the long-term track record for *DWS (CH) Swiss Equity High Conviction*, highlights that the Swiss market is still quite inefficient. Indeed, our active managers have delivered **superior risk adjusted returns**, outperforming its benchmark across multiple horizons including 3, 5, 10 years and since inception².

¹ Bloomberg, as of February 2, 2026

² Source: DWS CH AG

For Qualified Investors (Art. 10 Para. 3 of the Swiss Federal Collective Investment Schemes Act (CISA)) only. The comments, opinions and estimates contained herein are for informational purposes only and sets forth our views as of this date. The underlying assumptions and these views are subject to change without notice. Past performance or any prediction or forecast is not indicative of future results. No assurance can be given that any forecast or target will be achieved. Diversification neither assures a profit nor guarantees against loss.

How Swiss Equities Compare to U.S. equity markets

1. Quality vs. Growth Concentration (U.S.)

While the U.S. equity market is dominated by high growth mega cap technology names, Switzerland's market is dominated by **quality, defensive** growth franchises. Key differences include:

- **Lower volatility and lower drawdown risk** in Switzerland, particularly in stressed markets.
- **More balanced sector** distribution, with a reduced dependency on a handful of names driving index performance.
- **Greater focus on dividend stability**, supported by strong free cash flow generation.
- **Pricing power** supports resilient margins even in inflationary or recessionary periods.

Where U.S. equities shine in earnings growth and scale, Swiss equities excel in innovation, resilience, pricing power, and long-term compounding - offering an attractive complement rather than a substitute.

2. Relative Valuation Stability

Swiss equities typically trade at a premium to global markets due to their quality profile, but their valuations are far **more stable, and less-momentum driven** than in the U.S. or EU. This stability can help moderate overall portfolio volatility.

Why Swiss Equities Now?

Several structural support renewed interest in Swiss Equities:

1. A Resilient Macro Backdrop

Despite global uncertainty, Switzerland continues to demonstrate:

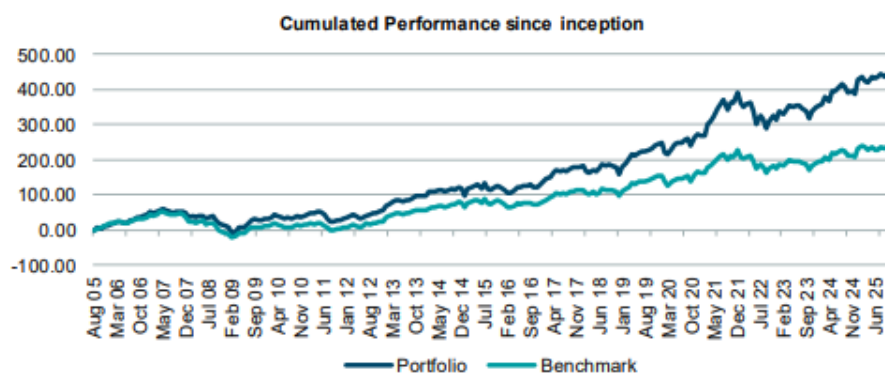
- Low inflation relative to other developed markets.
- A stable currency backed by strong external balances.
- Highly competitive export sectors.
- Healthy public finances.

2. Structural Earnings Strength

Swiss corporates maintain pricing power even in inflationary or low growth environments. Their global diversification protects them from domestic slowdowns.

3. Attractive Long Term Performance Potential

High quality, high conviction strategies - like **DWS (CH) Swiss Equities High Conviction** - show that active management in Swiss equities can extract meaningful alpha from small- and mid- cap opportunities, an area where Switzerland is particularly rich.



Source: DWS CH AG, as of December 31, 2025, Benchmark: SPI Index. *Past performance is not indicative of future returns.*

The Case for Including Swiss Equities in A Strategic Allocation

Swiss equities deserve a dedicated allocation in global portfolios because they provide:

1. Defensive Growth

Low beta characteristics and stable earnings make Swiss equities a natural portfolio stabilizer. Historically, they have drawn down less in volatile markets and recovered faster.

2. Diversification Benefits

Given their sector composition and global revenue exposure, Swiss equities:

- Lower reliance on U.S. tech concentration.
- Reduce home country bias for European investors.
- Provide global exposure through exceptionally well-run companies.

3. ESG Alignment

Swiss corporate governance and sustainability standards rank among the highest globally - supporting long term investor confidence and making them highly suitable for ESG oriented portfolios.

4. Currency Diversification Away From USD

For investors overweighting U.S. markets, Swiss equities introduce **CHF exposure**, a currency renowned for its **stability and safe haven characteristics**. CHF historically holds its value or appreciates during periods of USD volatility, offering:

- A **natural hedge** against USD weakness.
- Lower portfolio currency concentration risk.

For Qualified Investors (Art. 10 Para. 3 of the Swiss Federal Collective Investment Schemes Act (CISA)) only. The comments, opinions and estimates contained herein are for informational purposes only and sets forth our views as of this date. The underlying assumptions and these views are subject to change without notice. Past performance or any prediction or forecast is not indicative of future results. No assurance can be given that any forecast or target will be achieved. Diversification neither assures a profit nor guarantees against loss.

– More stable purchasing power preservation over time.

Given that many Swiss companies earn globally but report in CHF, investors gain global exposure with an added layer of currency resilience.

Conclusion: A Market That Compounds Quietly - But Powerfully

Swiss equities are an essential building block for investors seeking quality, resilience, and long-term compounding. In contrast to the more cyclical and growth concentrated U.S. market, Switzerland offers stability, global reach, and consistent value creation, making it a compelling strategic allocation for diversified portfolios.

Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

Important information

This document was prepared by DWS CH AG (hereinafter referred to as "DWS"). DWS is supervised by the Swiss Financial Market Supervisory Authority ("FINMA") and is a manager of collective investment schemes as well as a representative of foreign collective investment schemes.

Investments are exposed to investment risks, including market fluctuations, regulatory changes, counterparty risks, possible repayment delays, as well as income losses and loss of the invested capital. The value of an investment can both rise and fall, so an investor may not recover the amount initially invested at any given time.

Although DWS CH AG makes every attempt to ensure the accuracy of the data and has taken information only from sources which are believed to be reliable, DWS does not warrant the accuracy or completeness of the information.

DWS entrusts certain tasks to other group companies of the Deutsche Bank / DWS Group or their service providers (collectively referred to below as the "service providers"). In this context, and only to the extent necessary, data is selectively sent to the service providers, who may also be based in countries that do not have data protection laws equivalent to those in Switzerland (for example, the USA, India, Singapore, and Hong Kong). Data is transmitted to the Providers strictly within the boundaries of the Swiss Data Protection Law and if possible, always in a form, which does not allow Providers to evaluate the identity of any data subjects. In cases where the identity of any data subjects is being disclosed to Providers, data transmitted may include company name, mailing address, contact details of contact persons, written correspondence, participation to Deutsche Bank / DWS events, meeting minutes, call reports, information related to Deutsche Bank's anti money laundering and know-your-intermediary-procedures, contract details, custody information, collective investment scheme and / or portfolio holdings, transactions, investment strategies and limits.

The information provided herein is subject to change without notice. Although DWS takes all measures to ensure the accuracy of the data and the information used comes exclusively from sources considered reliable, DWS does not guarantee the accuracy or completeness of the information. The information contained herein may not be suitable for tax purposes. Investors are therefore advised to review it with their tax advisor before using it for tax purposes. DWS CH AG shall not be liable for any loss or damages (incidental, consequential, or otherwise) that may arise from the information provided to you, whether used by you or any other party.

The information included in this document is intended to be advertising of the aforementioned financial services / financial products, according to Art. 68 of the Financial Services Act (FinSA).

The collective investment scheme ("CIS") mentioned in this presentation is a CIS under Swiss law. The current sales prospectus, KID (Key Information Document) as well as the annual and semi-annual reports may request be obtained free of charge from the management company [Solutions & Funds SA, Promenade de Castellane 4, CP 283, CH-1110 Morges] or the main distribution agent [DWS CH AG, Hardstrasse 201, CH-8005 Zurich], as well as from <https://www.dws.ch>.

© DWS Investments GmbH

© DWS CH AG (02/2026 – CRC109170)