

Newsletter

Cash

Q1 2026

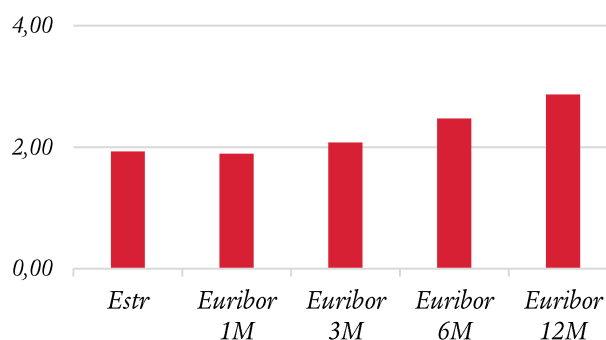
The end of the quarter was marked by a resurgence of geopolitical tensions in the Middle East. Against this backdrop, the markets sharply revised their expectations regarding monetary policy. In the eurozone, expectations of rising interest rates reflect fears of further inflationary pressures. The renewed aversion to risk prompted issuers to adopt a cautious stance during March.

Highlights of the quarter

Rates

Against a backdrop of risk aversion and a reassessment of inflation expectations, eurozone interest rate swaps, particularly in the short end of the curve, rose sharply following the outbreak of the conflict in the Middle East. Money market rates were particularly affected: the 1-year €STR swap jumped by 49 basis points to 2.42%. This development reflects the markets' rapid adjustment to the uncertainties.

Money market rates below 12 months



Source: Swiss Life Asset Managers as of 31/03/2026

Central banks

Despite fears of inflationary pressures linked to the war in Iran, the ECB has decided to keep its key interest rates unchanged. It has thus reaffirmed its determination to fulfil its mandate: to keep inflation around 2% in the medium term. Against this backdrop, the ECB has confirmed its 'data-dependent' approach, adjusting its monetary policy meeting by meeting in line with developments in the economic and inflation outlook.

Expectations

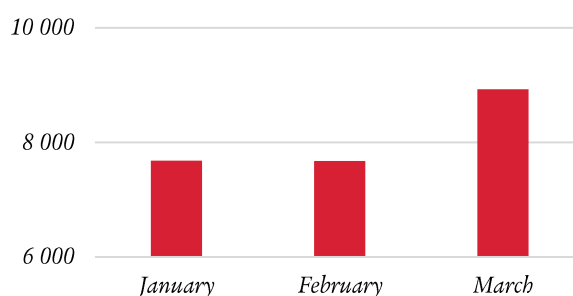
Before the outbreak of the conflict, the market had expected the European Central Bank to maintain its monetary policy unchanged over the next 12 months, or even to cut rates by the end of the year. However, the war has reignited inflationary fears, fuelled by the rise in oil prices. This has led to a significant revision of expectations, with the market now pricing in nearly three ECB rate rises by the end of 2026.

Disclaimer: Source: Swiss Life Asset Managers France, Bloomberg. This presentation contains historical market data. Historical market trends are not a reliable indicator of future market behavior. These data are provided for illustrative purposes only. Depending on the date of publication, the information presented may differ from the updated data.

Primary market

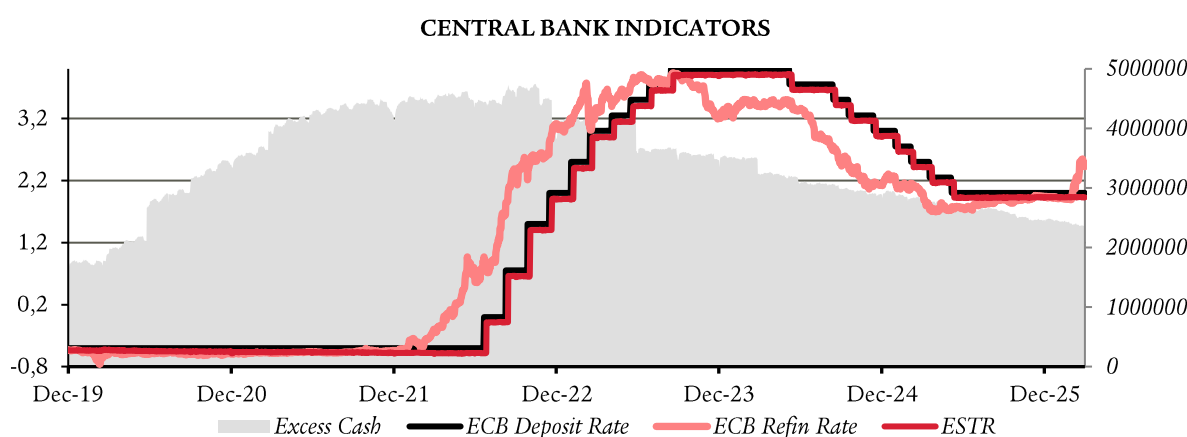
Following the break over the festive season, the market reopened. However, the outbreak of the conflict prompted issuers to exercise caution by postponing their issuance plans in light of the volatility in the yield curve. Despite this, the volume of issuance increased compared with Q1 2025, which had been marked by uncertainty surrounding Trump's appointment. Issuance volume reached €24.28 billion, compared with €13.89 billion in Q1 2025 (+75%).

Issue volume (millions)



Source: Swiss Life Asset Managers as of 31/03/2026

Ester + surplus liquidity



Source: Swiss Life Asset Managers as of 31/03/2026

Our strategy

«*In light of this paradigm shift, the volatility seen in short-term interest rates has led us to adopt a cautious approach to our investments.*»



Albane Desjardins, CFA
Portfolio Manager,
Investment Grade



Yann Verrier
Portfolio Manager,
Investment Grade

- In the run-up to the outbreak of the conflict, we capitalised on opportunities in the primary market by investing in attractive issues that allowed us to diversify the portfolio with issuers not included in the money market universe.
- Some issuers enhanced the attractiveness of their financing by adjusting their issue spreads. We exploited these entry points to increase our exposure to high-quality credit signatures.
- With the resurgence of the conflict, short-term rates have priced in a scenario of rapid ECB rate rises, creating particularly attractive entry points.

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About Swiss Life Asset Managers

Swiss Life Asset Managers has over 165 years' experience in managing the Swiss Life Group's assets. This close link to the insurance sector shapes its investment philosophy, the main objectives of which are to invest in line with a responsible approach to risk and to act in the best interests of its clients every day. Swiss Life Asset Managers also offers this proven approach to third-party clients in Switzerland, France, Germany, Luxembourg, the United Kingdom, Italy and the Nordic countries.

As at 31 December 2025, Swiss Life Asset Managers managed €309.6 billion in assets for the Swiss Life Group, including more than €156.5 billion in assets under management on behalf of third-party clients. Swiss Life Asset Managers is a leading institutional real estate investor in Europe. Of the €309.6 billion in assets under management, €96.1 billion is invested in real estate. In addition, Swiss Life Asset Managers manages €26.3 billion in real estate assets jointly with Livit. As at 31 December 2025, Swiss Life Asset Managers thus managed €122.4 billion in real estate assets.

Swiss Life Asset Managers employs more than 2,300 people in Europe.

A financially self-determined life

Swiss Life enables everyone to build financial independence so they can live life on their own terms and look to the future with confidence. This is also the goal pursued by Swiss Life Asset Managers: we take a long-term view and act responsibly. Drawing on our knowledge and experience, we develop forward-looking investment solutions. In this way, we help our clients achieve their long-term investment goals. This, in turn, enables their clients to plan for the long term and build financial independence so they can live life on their own terms.

1 #2 IPE Top 150 Real Estate Investment Managers 2024 Ranking Europe, #2 INREV Fund Manager Survey 2024

Swiss Life Asset Managers data at 31.03.2026

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Find all our publications on:

www.swisslife-am.com

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