*Promotional document*

# Newsletter

## *Cash*

*Q3 2026*

*The third quarter was marked by renewed market volatility, as geopolitical tensions in the Middle East, persistent inflationary pressures and political uncertainty across Europe weighed on investor sentiment. Against this backdrop, markets increasingly priced in a higher-for-longer interest rate environment, driving money market and bond yields upward. Political developments also contributed to a widening of sovereign spreads.*

# Highlights of the quarter

### *Geopolitical tensions keep markets on edge*

Markets navigated a challenging environment during the quarter, shaped by ongoing geopolitical tensions in the Middle East and the continued disruption of traffic through the Strait of Hormuz. Elevated oil prices fuelled renewed inflation concerns, prompting investors to reassess the outlook for monetary policy.

Against this backdrop, both the ECB and the Federal Reserve raised key interest rates by 25 basis points during the quarter. Fixed income markets reacted sharply as investors increasingly embraced a "higher-for-longer" rate scenario. The 1-year €STR swap reached a peak of 3.09% before ending the quarter at 2.98%, up 58 basis points from the end of June, while 3-month Euribor advanced 29 basis points to 2.62%.

These developments underline the market's expectation that interest rates are likely to remain at elevated levels for an extended period.

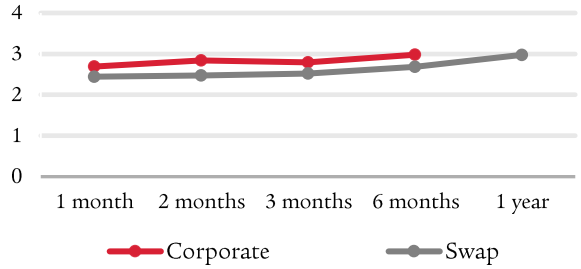
### *The ECB Maintains a Cautious and Restrictive Stance*

Against a backdrop of persistent inflationary pressures and ongoing geopolitical uncertainty, the ECB has maintained a data-dependent approach. Inflation risks have prompted the central bank to preserve a restrictive policy stance, while the European economy has continued to demonstrate resilience. Investors now expect policy rates to remain at elevated levels until inflation concerns show clear and lasting signs of easing.

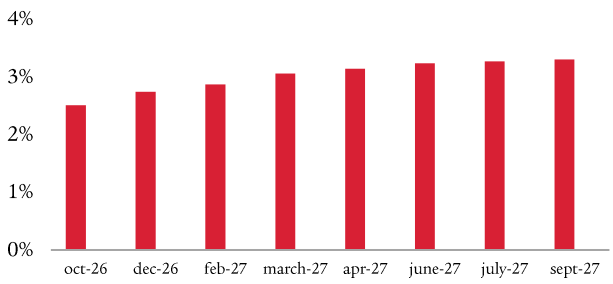
*Rates*

| | April 2026 | May 2026 | June 2026 |
|---|---|---|---|
| ECB deposit rate | 2.00 | 2.00 | 2.25 |
| €str | 1.93 | 1.93 | 2.18 |
| 3-month €STR swap | 2.08 | 2.15 | 2.23 |
| 12-month €STR swap | 2.47 | 2.39 | 2.39 |
| 3-month Euribor | 2.20 | 2.27 | 2.32 |
| 12-month Euribor | 2.85 | 2.80 | 2.73 |
| 3-month non-financial issuers | 2.31 | 2.36 | 2.45 |
| 12-month bank spread vs. €STR | 0.33 | 0.36 | 0.38 |

*Corporate issuance levels (%)*




*Expected €STR level*



## *Key Highlights*

**1-Year €STR Swap**

Level at end-June: **2.98%**

Change: **+58 bps** since the end of Q2 2026, reflecting market expectations of potential further interest rate increases.

**ECB Stance**

**+25 bps** rate hike during the September meeting

**2nd rate hike** since the outbreak of the conflict

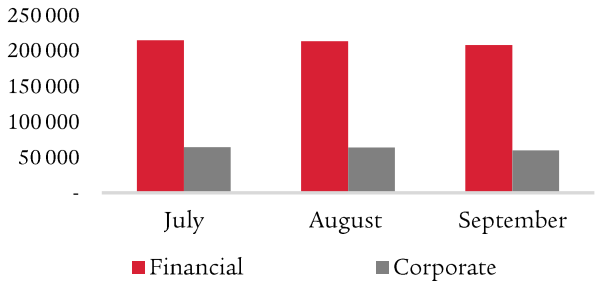
## *Primary market*

Following a subdued second quarter, marked by limited issuance volumes amid uncertainty surrounding the conflict between the United States and Iran, issuers took advantage of improving market conditions to return to the primary market. As a result, contrary to typical seasonal patterns, primary market activity remained robust throughout the summer.

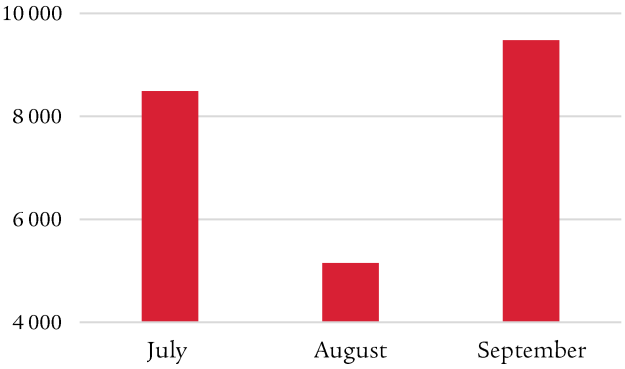
July and August proved particularly dynamic, with issuance volumes increasing by 24% and 60%, respectively, compared with the same period in 2025. Overall, quarterly issuance reached €23 billion, broadly in line with the volume recorded in the previous quarter.

The banking sector accounted for the largest share of issuance, representing more than 50% of the total volume, followed by the telecommunications sector, which contributed 11%. From a credit rating perspective, issuance was concentrated in the AA- and A+ segments, which together represented 40% of total issuance during the quarter.

*Short-Term Negotiable Debt Securities Outstanding (EUR million)*




*Primary Bond Market Volume <2-Year Maturity (EUR million)*




# Our strategy



**Albane Desjardins, CFA**
Portfolio Manager,
Investment Grade



**Yann Verrier**
Portfolio Manager,
Investment Grade

- Issuers took advantage of the temporary easing of geopolitical tensions in the Middle East to secure attractive funding conditions, resulting in sustained primary market activity throughout the summer.
- We continue to take advantage of current market volatility to invest at attractive yield levels. At the same time, we maintain a cautious approach to duration by keeping a significant allocation to floating-rate instruments and by hedging the portfolio when market conditions provide compelling entry points.
- We do not hold any sovereign debt exposure, which enables us to avoid French sovereign risk, an area that has become an increasing focus for market participants.

*"Our decision not to hold any sovereign debt exposure shields the portfolio from French sovereign risk, which has become a growing concern for investors."*

**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

# About Swiss Life Asset Managers

Swiss Life Asset Managers has more than 165 years of experience in managing the assets of the Swiss Life Group. This insurance background has exerted a key influence on the investment philosophy of Swiss Life Asset Managers, which is governed by such principles as value preservation, the generation of consistent and sustainable performance and a responsible approach to risks. Swiss Life Asset Managers offers this proven approach to third-party clients in multiple European locations.

As at 30 June 2026, assets under management for third-party clients amount to EUR 170.7 billion. Together with insurance assets for the Swiss Life Group, total assets under management at Swiss Life Asset Managers stood at EUR 325.9 billion. Swiss Life Asset Managers is a leading institutional real estate investor in Europe1. Of the assets totalling EUR 325.9 billion, EUR 97.7 billion are invested in real estate. In addition, Swiss Life Asset Managers, in cooperation with Livit, manages real estate totalling EUR 26.9 billion in value. Total real estate assets under management and administration at the end of June 2026 thus came to EUR 124.6 billion.

Swiss Life Asset Managers employs more than 2300 people in Europe.

**A financially self-determined life**

Swiss Life enables people to lead a financially self-determined life and look to the future with confidence. Swiss Life Asset Managers pursues the same goal: We think long-term and act responsibly. We use our knowledge and experience to develop future-oriented investment solutions. This is how we support our customers in achieving their long-term investment objectives, which in turn also take account of their client's needs so they can plan their future in a financially self-determined manner.

1 #2 IPE Top 150 Real Estate Investment Managers 2025 Ranking Europe, #2 INREV Fund Manager Survey 2026

Swiss Life Asset Managers data as of 30.06.2026

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