

After the Market Correction: Courage or Prudence?

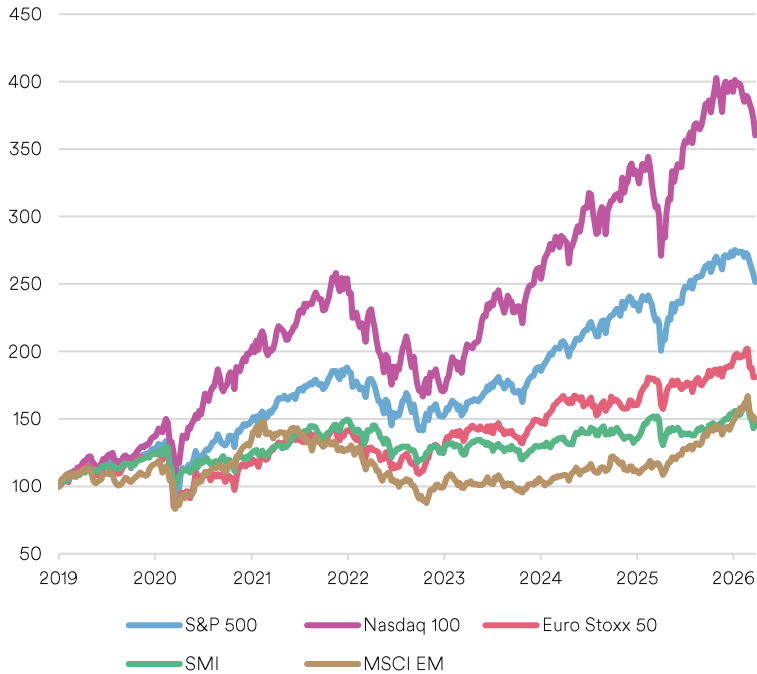




Absolute prices are misleading. Valuations are decisive.

Despite significant uncertainty, the market correction looks moderate from an absolute perspective

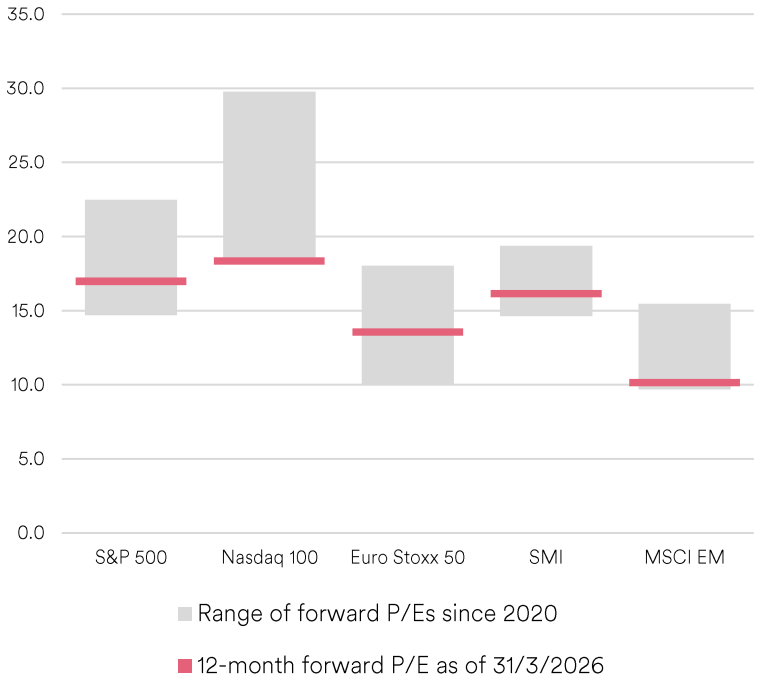
Performance of select indices, indexed at 100 as of 01/01/2019



Source: Bloomberg, smzh ag. 03/31/2026

Given solid earnings expectations, valuations have adjusted significantly (12m forward P/Es)

12-month forward price/earnings ratios since 01/01/2020



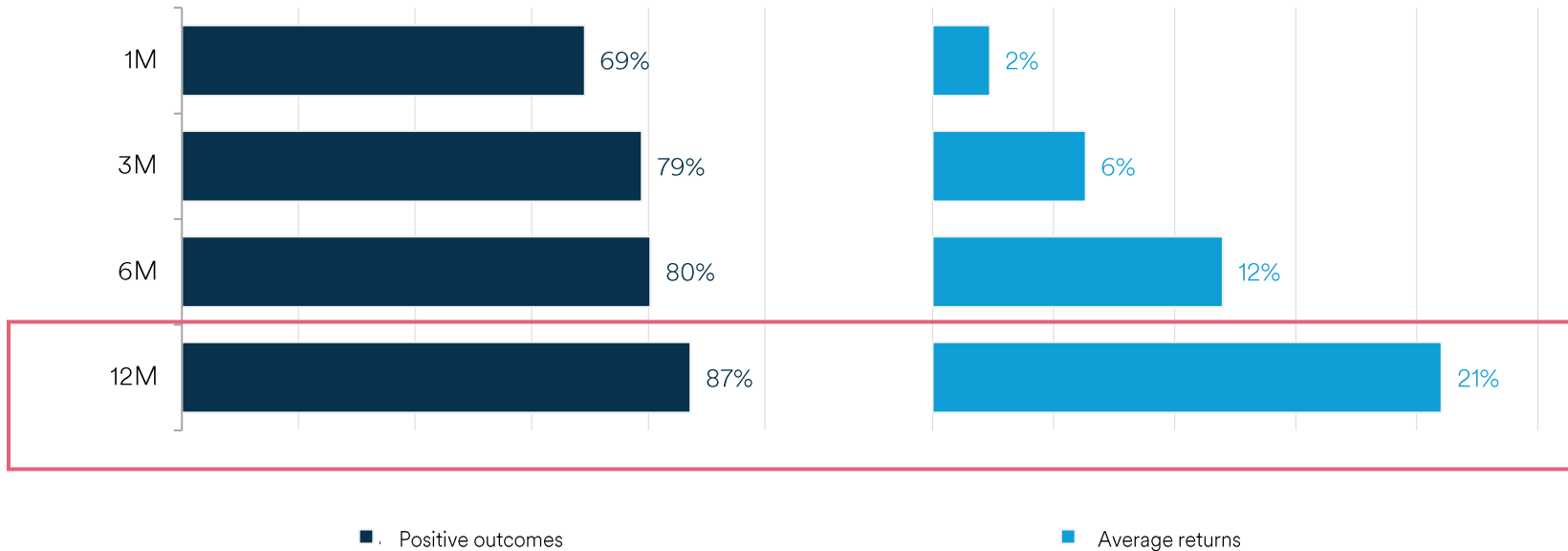
Source: Bloomberg, smzh ag. 03/31/2026



- After a strong start to 2026, equity markets have given back their initial gains, with most regions now in negative territory.
- However, the macroeconomic environment remains supportive: an easing in US tariff policy volatility, fiscal policy stimulus in various developed economies, and structural trends such as artificial intelligence continue to support the fundamental backdrop.
- This is supportive of corporate earnings estimates at a time when the price correction has led to an adjustment of valuation levels (P/E).

High uncertainty can create compelling opportunities

Historical performance of the S&P 500 Index after the VIX trades above 30



- Heightened uncertainty tends to go hand in hand with elevated volatility and market corrections. In this context, the VIX serves as a helpful gauge, measuring the expected fluctuation range of the S&P 500. Values above 30 typically are a sign of such phases of stress.
- Historically, investing after the VIX has climbed above 30 has resulted in positive S&P 500 returns after 6 to 12 months 80% of the time. This suggests that such phases do entail risks but also provide potential opportunities to enter the market.

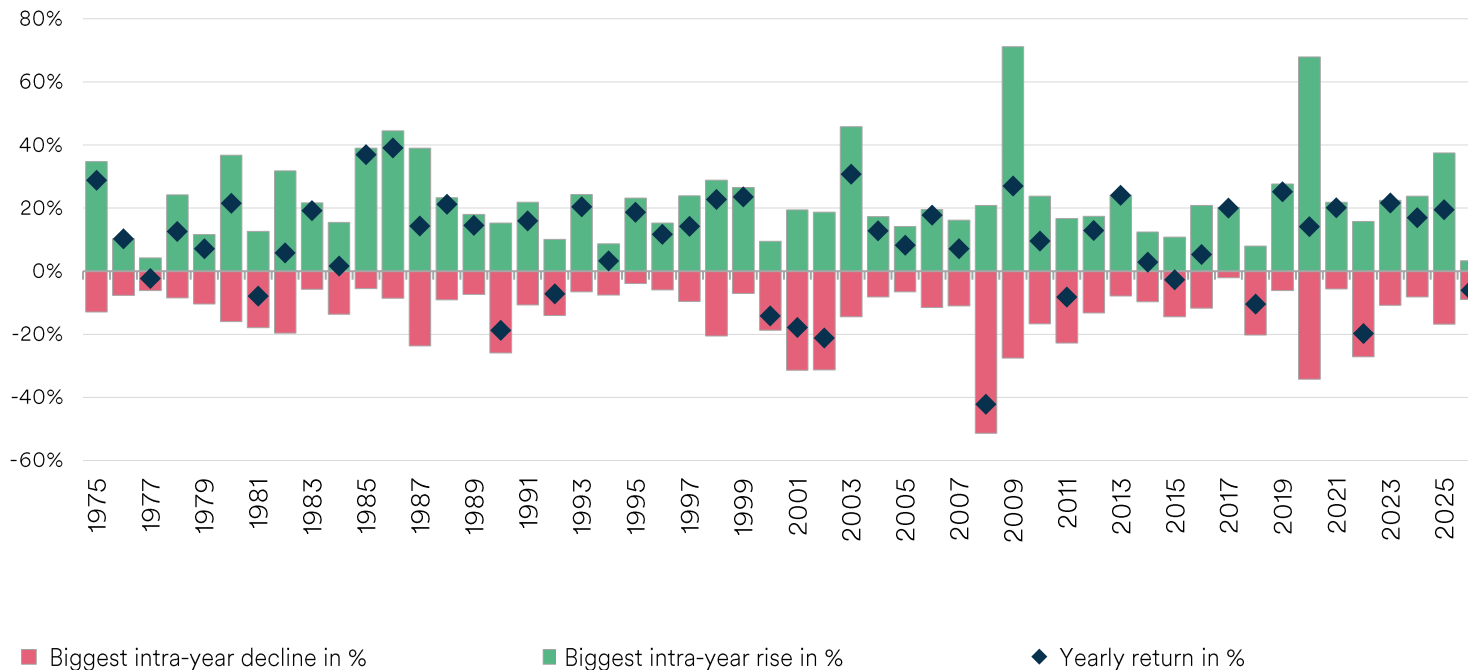
Our analysis shows the historical performance of the S&P 500 Index after VIX levels of above 30, differentiated by holding periods of 1, 3, 6, and 12 months.
Source: Bloomberg, smzh ag, 31/3/2026

Long-term success depends on discipline

Despite pronounced intra-year fluctuations, global equity markets often achieve positive annual returns



Biggest gains and losses in the global equity market since 1975 (Price Return MSCI World Index in USD)



Our chart shows the fluctuations of the MSCI World in USD since 1975 during the individual calendar years. The red bars mark the biggest intra-year decline from peak to trough, while the green bars represent the biggest gains from trough to peak. The dark-blue squares represent the actual annual performance.

Source: Bloomberg, smzh ag. 31/3/2026

- Volatility is inherent to financial markets. Despite sometimes strong fluctuations throughout the year, the MSCI World has largely achieved positive annual returns since 1975.
- In the long term, market performance is driven by corporate earnings, which determine sustainable value creation.
- Discipline is therefore decisive: Investors who can tolerate short-term fluctuations and stay invested benefit from these earnings trends in the long term.



Hesitation is natural. Staggered investing reduces risks.

Even after improved valuations after a correction, uncertainty tends to keep investors sidelined. A staggered approach offers discipline and flexibility, allowing measured entries rather than waiting for the perfect moment.

What does staggered investing mean?

Capital is split into several tranches and invested across a defined time period, for instance in three to five instalments spread across several weeks. The goal of this approach is to use market fluctuations and optimize the average entry price. Consistency is decisive in this context: The tranches are invested irrespective of short-term market movements. Regardless of market fluctuations, the strategy remains unchanged. This approach minimizes emotional influence and allows the systematic process to unfold as intended.

Not yet convinced? Good decisions aren't always taken in isolation.

Financial markets entail risks but also provide opportunities. What's decisive is consistency in implementation. This is where we start.



Do you have any questions about investing?

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