

Step 4: What kind of investor am I? (Check the assumptions)

«My Private Banker» makes a proposal for the return assumptions which should be applied for the development of the financial plan.

The return assumptions should be conservative. The long-term average of historical returns which do not take inflationary devaluation into account has been reduced based on various criteria.

Asset Categories	Long-term average	Proposal	Reasons for reduction
Liquid safe investments ¹	0.56%	0.25%	Withholding taxes, fees, current interest rate situation
Pension assets ²	2.70%	1.25%	Current BVG minimum interest rate (Status 2025)
Self-occupied home ³	3.30%	Personal inflation rate	Not considered an investment, but protected against inflation
Market-oriented assets (Bonds) ⁴	4.00%	2.5%	Withholding taxes, fees, current interest rate situation
Market-oriented assets (Equities) ⁵	7.70%	5.5%	Withholding taxes on dividends, fees, forecasting risk
Opportunistic assets	Analog market-oriented assets (equities)		

If desired, the investor can adjust the return assumptions based on the current market outlook or his personal assessment. Any cash distributions in the form of dividends or coupons are reinvested into the same asset categories.

In addition, there are further assumptions that should be reviewed.

The financial plan takes **inflation** into account. Inflation leads to an annual increase in household expenditures and to a lesser extent⁶ to an increase in the annual net-income which therefore leads to a gradual loss of purchasing power of assets over time.

Official inflation represents a statistical average that rarely corresponds to personal reality. The investor should therefore make an assessment of his personal inflation, which she can influence, at least in part, through her behavior. An expected increase in the tax burden, for example due to an increase in income or assets, can also be offset by the personal inflation expectation.

¹ Average of the 3 months money market debt register claims of the Swiss Confederation in CHF since 1994, [Source SNB Data](#)

² [BVG Minimum interest rates since 1985](#): 4% (1985-2002), 3.25% (2003), 2.25% (2004), 2.5% (2005-2007), 2.75% (2008), 2% (2009-2011), 1.5% (2012-2013), 1.75% (2014-2015), 1.25% (2016), 1.00% (2017-2023), 1.25% (2024-2025)

³ Corresponds to the increase of the market value of the property. This is based on the average annual return of the [SWX IAZI Private Real Estate Price Index](#) over the last 9 years. The return on equity is higher. With a loan-to-value ratio of 80%, an increase in value of 5% corresponds to a return on equity of 25%.

⁴ [Banque Pictet & Cie: Performance of shares and bonds in Switzerland \(1926-2024\), February 2025](#), Page 2

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⁶ «My Private Banker» assumes that only 50% of salary income grows with the personal inflation rate.

History shows that equities are causing by far the largest share of investment losses. «My Private Banker» limits the allocation to equities, so that the annual risk budget is not used up until a **protection threshold** or loss of more than 25% is reached. The investor can adjust this threshold depending on her personal need for protection.

Losses of 25% or more have occurred around four to six times for most popular stock indices in the last 30 years.⁷

Swiss Market Index (SMI) in CHF	1990: -25%	2001: -39%	2002: -32%	2008: -41%	2011: -27%	2020: -28%
Swiss Performance Index (SPI) in CHF	2001: -38%	2002: -39%	2008: -40%	2011: -25%	2020: -27%	
S&P 500 (USA) in USD	2001: -27%	2002: -32%	2008: -49%	2009: -25%	2020: -31%	2022: -25%
MSCI World (Global) in USD	1990: -25%	2002: -26%	2008: -44%	2020: -32%		

⁷ Currency effects are not taken into account. The loss is measured as the difference between the price at the beginning of the year and the annual low. SMI: daily lows, in CHF ([Source SIX](#)); SPI: daily lows, in CHF ([Source SIX](#)); S&P500: end-of-day share prices, in USD ([Source Yahoo Finance](#)); MSCI Global: end-of-day share prices, in USD ([Source MSCI](#))