bcp Wealth Management


# Outlook 2025 Wealth Management.

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# Foreword.

**As we approach 2025, this report revisits our potential scenarios for the year ahead, offering insights on how investors can strategically position themselves to seize opportunities while carefully managing risks.**

Marco Grilli
**Head of Wealth Management**

The investment landscape has evolved significantly throughout the year. Equity markets have continued their rally, buoyed by positive growth and earnings fundamentals. At the same time, the global cycle of rate cuts is in full swing, making holding cash increasingly less attractive. However, geopolitical risks remain high, with tensions continuing in the Middle East and the ongoing conflict between Russia and Ukraine.

As of the time of writing, Donald Trump is set to be the 47th President of the United States. His policies are expected to have an inflationary impact while providing a modest boost to economic growth. In response, the US Federal Reserve may moderate its rate cuts. With the presidential nomination, Bitcoin hit historic new highs, boosted by the prospect of regulatory easing favourable to digital currencies that could come with Donald Trump's return to the White House. After a strong performance in 2024, gold is likely to remain in an upward trend as fiscal deficits grow, geopolitical uncertainty persists, and central bank buying continues.

At BCP Wealth Management, our focus is on helping you achieve your financial goals. Our Investment Advisory and Portfolio Management teams craft strategies to ensure your portfolio is always aligned with your objectives. A dedicated Relationship Manager, along with a multi-disciplinary team of experts, is here to support both you and your family. Whether you prefer to delegate the management of your portfolio to our professionals or take a more active role, our global approach provides a wide range of financial solutions tailored to your goals and risk tolerance.

In this report, we take a closer look at the trends shaping the year ahead, updating our outlook for 2025. We explore how investors can navigate a complex environment, positioning portfolios to benefit from growth opportunities while managing the risks of potential volatility. The coming years will be defined by the intersection of fiscal, monetary, and geopolitical factors, and understanding these dynamics will be critical to making informed investment decisions.

We hope this report offers you valuable perspectives, ideas, and insights to help you approach the new year with confidence and clarity. We greatly appreciate your trust and look forward to supporting you in achieving your financial goals.

# Asset Management and Advisory.

**A new paradigm is taking shape for 2025, and we are stepping onto this new path with confidence.**

**Christian Couyoumtzelis, Ph.D.**
**Head of Asset Management and Advisory**

In 2024, central bankers played a pivotal role in shaping economic policies. Looking ahead, 2025 is expected to see markets focusing on a new US administration which is anticipated to take a markedly different direction from recent years, leading to consequences that require careful anticipation.

A retrospective look at 2024 confirms our decision to adopt a bond strategy focused on flattening the yield curve and progressively extending bond maturity as repayments occur, aligning with a 'Barbell' strategy, designed to help investors benefit from both ends of the yield curve.

We also moved away from the high-yield corporate bond sector to favour issuers in emerging markets, which we anticipated would offer better returns in terms of credit spreads.

Our equity allocation was gradually increased throughout the year during market weaknesses within discretionary mandates, both for USD and EUR profiles. We opted for a balanced strategy, increasing investments equally in high-growth companies and more conservative ones. This decision was made in a context of uncertainty surrounding the US presidential election and potentially controlled inflation due to interventions by US, European, and Swiss central banks.

At the end of June, we reduced our exposure to Japan following a market increase, before re-establishing our position in mid-September. This short-term strategy allowed us to capture a favourable market movement. Over the summer, we built positions in small- and medium-sized enterprises in the US, Europe, and Switzerland. We maintained an equity exposure to India through investment funds and to gold.

Additionally, we became interested in cryptocurrencies in late 2023, eventually deciding in early 2024 to establish a position by investing through ETFs, allocating two-thirds to Bitcoin and one-third to Ethereum. Although numerous models exist to estimate their value, predicting their future value remains challenging. Nevertheless, we considered this asset interesting and uncorrelated with traditional market movements. It is essential to innovate in moderation within portfolios to capitalize on new, often mispriced assets. The growing popularity of cryptocurrencies is evident from the increasing inflows into ETFs, with assets under management continually rising, a trend accelerated by new regulations and ease of use.

This year, we also spent time thoroughly reviewing our selection processes to build an optimal investment universe, encompassing a selection of equities, bonds, funds/ETFs and structured products. This approach better meets our clients' needs. We added a list of securities called Most Preferred Equities, Bonds, and Funds, selected by our Asset Management and Advisory team with a strong conviction of outperformance based on an in-depth analysis of the securities and the market. We continue to favour liquid and easily implementable investment strategies within portfolios.

The year 2025 will begin with the return of a Republican president in the US, with controlled inflation rates as of September 2024 at 2.5% in the USA, 1.7% in Europe, and

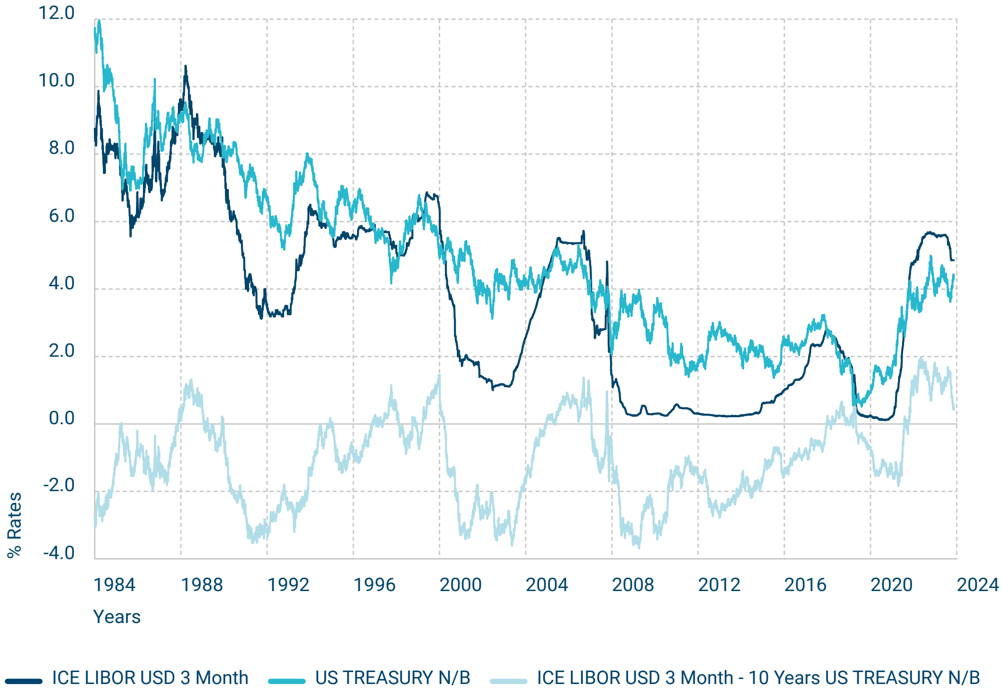
0.8% in Switzerland. Following central bank rate hikes initiated in 2022 to curb inflation, markets now appear reassured by a new paradigm of rate cuts, initiated in June by the European Central Bank (ECB). Yield curves finally seem to be normalizing in the USA and Europe, with short-term rates less rewarding than longer-term rates. This marks the end of an historically extended inverted yield curve lasting over two years. Hopefully, we are heading towards a calmer and more predictable year in the bond market. However, we remain cautious, and will adjust our analysis based on upcoming inflation and employment data from central banks.

Moreover, geopolitical and political events, such as the German elections in September, the Middle Eastern conflict, and the war in Ukraine, are exogenous shocks to the markets that can create volatility. These factors will add complexity to our reading of financial markets and the formulation of economic scenarios. In summary, 2025 could be a year of normalized yield curves, a revitalized US market, and a lagging European economy due to political constraints.

The coming months and years will also see major developments in key areas such as new energy sources, with a return to nuclear-based electricity production, the feasibility of individual mobility with hybrid or synthetic fuel solutions, cryptocurrencies, robotics, and artificial intelligence, which opens up numerous opportunities across various fields. This is just a preview of the year ahead, highlighting its exciting challenges as we explore investment strategies that we intend to keep straightforward and elaborate on in the following sections of this outlook.

**> Figure 1: Evolution of 10-year US treasury yields, 3-month ICE Libor and their spread**

*Bloomberg Data, 13/11/2024*



**> Figure 2: Index Performances**

*Bloomberg Data, 13/11/2024*

| Index Name | Currency | 29/12/2023 to 13/11/2024 |
|---|---|---|
| **America** | | |
| Dow Jones Industrial Average | USD | 16.63% |
| S&P 500 INDEX | USD | 25.48% |
| NASDAQ Composite Index | USD | 28.11% |
| S&P/TSX Composite Index | CAD | 19.23% |
| S&P/BMV IPC | MXN | -11.57% |
| Ibovespa Brasil Sao Paulo Stock Exchange Index | BRL | -4.81% |
| **EMEA** | | |
| EURO STOXX 50 Price EUR | EUR | 4.84% |
| FTSE 100 Index | GBP | 3.84% |
| CAC 40 | EUR | -4.33% |
| Deutsche Boerse AG German Stock Index DAX | EUR | 13.44% |
| IBEX 35 Index | EUR | 12.62% |
| FTSE MIB Index | EUR | 11.06% |
| OMX Stockholm 30 Index | SEK | 4.86% |
| Swiss Market Index | CHF | 5.08% |
| **Asia/Pacific** | | |
| Nikkei 225 | JPY | 15.71% |
| Hang Seng Index | HKD | 16.28% |
| Shanghai Shenzhen CSI 300 Index | CNY | 19.81% |
| S&P/ASX 200 | AUD | 7.94% |
| **Global** | | |
| Bloomberg World Large & Mid Cap Price Return Index | USD | 17.61% |

# Macroeconomic environment and global outlook.

**Central banks have tamed inflation, but there is still a long and challenging way to go to achieve the elusive 'Goldilocks' economic scenario.**

Francois Nordhof, CEFA
**Investment Advisor**

Our core investment scenario is based on economic forecasts provided by the International Monetary Fund (IMF). This institution is very reliable as it is politically independent and closely linked to governments, central banks, supranational organizations and the financial community. In its last semi-annual review, the IMF marginally increased its global growth forecasts for 2024 by +0.1% and this remains unchanged for 2025—see table below. For developed economies, GDP growth rates have been stable since 2023 and are still below potential output, limiting prospects for significant price appreciation. After the COVID pandemic and subsequent lockdowns, inflationary pressures were initially triggered by energy and food prices. In the following two years, disinflation occurred, particularly in those two areas but price levels also remained elevated as no deflationary tendencies emerged. This limited the purchasing power of public and private households.

Despite publishing flat growth forecasts for developed economies, the IMF has highlighted a major shift between different countries: the US has seen its growth rate revised upward by 0.3% due to monetary easing and declining energy prices. However, this review took place just ahead of the US presidential elections. With the expectation that the new executive will implement an active budget policy at the beginning of its legislature, the current forecast may appear somewhat conservative. US private household consumption is projected to remain robust, supported by full employment and rising salaries. In 2025, the US 'desavings' trend is expected to be offset by a stable wealth growth, with declining financial charges, rising real estate prices, and a year-end rally in US securities. American corporations are set to benefit from fiscal incentives to increase capital expenditure.

**> Figure 3: IMF projections for real GDP growth and inflation (in percentages)**
*IMF Data*

**REAL GDP GROWTH IN %**

| | 2023 | 2024E | 2025E |
|---|---|---|---|
| World | 3.3 | 3.2 | 3.2 |
| Emerg.& Dev. | 4.0 | 4.5 | 4.5 |
| Euro area | 0.4 | 0.8 | 1.2 |
| US | 2.9 | 2.8 | 2.2 |
| Switzerland | 3.1 | 1.3 | 1.3 |
| Japan | 1.7 | 0.3 | 1.1 |
| Dev. Asia | 5.7 | 5.3 | 5.0 |

**INFLATION IN %**

| | 2023 | 2024E | 2025E |
|---|---|---|---|
| World | 6.7 | 5.8 | 4.3 |
| Emerg.& Dev. | 8.1 | 7.9 | 5.9 |
| Euro area | 5.4 | 2.4 | 2.0 |
| US | 4.1 | 3.0 | 1.9 |
| Switzerland | 2.1 | 1.3 | 1.0 |
| Japan | 3.3 | 2.2 | 2.0 |
| Dev. Asia | 2.4 | 2.1 | 2.7 |

The IMF report highlights a negative growth revision for countries such as Germany and France. In these countries, the automotive industry is grappling with persistent overcapacity, a fragmented industrial network, declining demand due to reduced state support and emerging competition from Chinese car makers. This trend is also expected to affect other industries in Europe such as the chemical and pharmaceutical sectors.

In emerging markets, GDP growth rate has been heavily influenced by the Chinese economy which has served as a driver of global economic integration for over a decade. China has played a significant role in narrowing the GDP per capita gap between developed countries and emerging economies. This trend continues for China, with a growth rate of +4.5% in 2025 versus +4.8% in 2024; this is still above the average for emerging markets and above the expected global GDP growth rate. However, over the next decade, India looks set to emerge as new leader, as its growth has exceeded China's since 2021. This is likely to be the case for 2025, when India is projected to record a positive growth differential of +2% compared to China. Overall, the geoeconomic divide between developed countries and emerging economies is expected to continue shrinking, but at a slower speed for 2025 and the following years.

In this scenario, the risk for investors is balanced between downside and upside potential. Starting with the downside: if underlying US inflation persists, employees may push for higher salaries. This would require the US Federal Reserve to slow down its current path of monetary easing. Additionally, the US dollar would likely appreciate against most currencies, triggering sovereign debt stress within emerging markets.

Monetary tightening policies implemented from March 2022 until August 2024 could, in the long run, result in a more severe growth contraction than the Federal Reserve initially intended. The transmission mechanism of monetary policy may experience delays in the long term, particularly for assets with limited liquidity, which may exhibit slow or desynchronized price adjustments. The most affected assets would be residential real estate.

The Chinese property sector could contract more than anticipated as long as domestic authorities focus solely on adjusting the regulatory environment without providing substantial financial support to help existing owners and first-time buyers. If Chinese authorities decide to indirectly support the local real estate sector through additional exports incentives in other industries, this could lead to an increase in the global geoeconomic risk premium.

New regional conflicts or unexpected environmental catastrophes that cause supply chain disruptions could lead to an unforeseen hike in the price of components and natural resources. The recent massive rains in south-eastern Spain are likely to have an impact on European households and the prices consumers pay for fruit and vegetables.

The emergence of new political blocs could intensify trade confrontation between these groups and lead to greater financial inefficiencies and other resource disruptions. Some existing multilateral trade agreements negotiated by the World Trade Organization (WTO) could be further weakened, as is already the case with the various political and financial sanctions affecting different parties of those agreements.

Social fragmentation is emerging between political blocs but also within countries. One year ago, who could have anticipated that French citizens would prematurely elect a parliament without a majority, or that Germany is likely to face a challenging parliamentary election in March 2025 triggered by the rising unpopularity of their existing executive?

Last but not least, market valuation could play a crucial role if financial assets are perceived

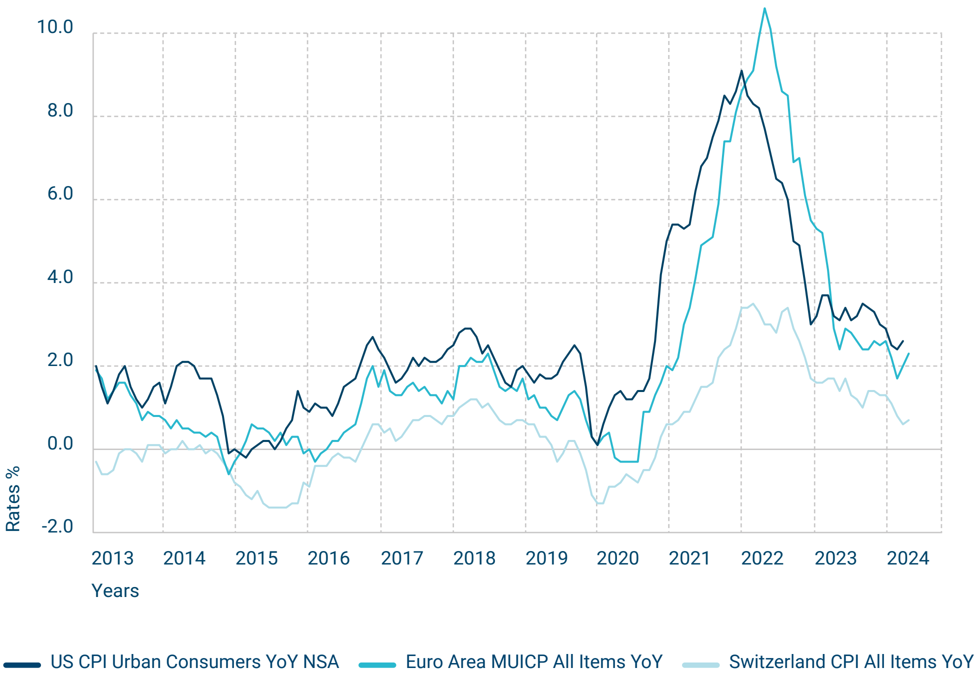
to be at risk, impacting private household wealth and confidence. Currently, real interest rates remain slightly too high, making bonds less attractive as an investment proposition. Equity markets, however, are benefiting from strong corporate profitability and relatively subdued valuation levels in terms of dividend yields in a dovish market environment. Conventional valuation multiples present a more vulnerable picture, as heavily capitalized growth stocks are distorting the overall market valuation. That said, these valuation multiples are still below the excessive levels recorded at the end of the last century during the telecom-internet bubble.

On the upside, our core investment scenario could see positive surprises from other developments: the intensive use of artificial intelligence could boost productivity within developed economies and accelerate disinflation, enabling central banks to ease their policy mix.

An unexpected change of government, whether in developed or emerging economies, could be followed by structural reforms aimed at enhancing labour market flexibility, such as increased participation rates or improved productivity of existing public and private structures.

**> Figure 4: US EUR CH Inflation Graph**

*Bloomberg Data, 13/11/2024*



# Asset Class Insights.

# FX market in 2025: Trump's policies will drive currency movements.

## Foreign exchange and gold

Marc Maeder
**Head of Trading & Sales**

**What happened in 2024?**
Major currencies traded in a tight range during most of 2024. This was clearly expressed with EUR/USD ranging from 1.0600 to 1.1200. The pair declined as investors expected the ECB would be the first to reduce interest rates. We had correctly anticipated the June rate cut by 25 basis points (bps). In the second half of the year, the US Federal Reserve began its monetary expansion cycle by cutting its interest rate by a surprising 50bp, resulting in higher EUR/USD. However, growth in the EU economy once again gave rise for concern; business activity in the private sector declined significantly in large economies such as Germany and France. A sharp decline in the Eurozone's GDP growth rate contributed to the bearish outlook for EUR/USD pair in the last quarter as market participants grew increasingly concerned about a potential recession in the Eurozone.

Looking ahead, Trump's policies will influence FX markets through longer-term trends in economic policy, trade relations, and geopolitical considerations in the USA. The challenge for 2025 will be in the timing.

### Questions for 2025

**Will central banks continue to cut rates in 2025?**
The answer is probably yes—although the magnitude of these cuts will likely be less significant than previous loosening cycles. This is partly due to the absence of a clear recession–a scenario that usually necessitates drastic measures and a possible return of inflation in the second half of 2025. All the leading central banks have embarked on this process, with the exception of the Bank of Japan, which is likely to continue raising interest rates next year.

**Will the dollar perform over the coming months?**
There is currently no clear consensus. Newly re-elected Donald Trump favours a weaker dollar. However, this is unlikely to happen if he brings in tariffs. Economic theory demonstrates that tariffs have the reverse effect: they lead to a currency appreciation by reducing volumes of US imports, resulting in weaker demand for foreign currencies relative to the US dollar. A strong dollar world might be here to stay thanks to the country's more vigorous growth and the attractiveness of the US stock market. Interest rate differentials will also play a key role if the expected path of interest rates changes.

### FX market outlook

**EUR/USD**
**Where will the EUR/USD be next year?**
Probably in the same range as 2024, with a pivotal level around 1.0850. Political developments from the Trump Administration and their impacts on the global economy will have to be carefully monitored. We therefore expect to start the year with a stronger dollar—around 1.0500—and then expect it to gradually come off during the year, targeting levels of 1.1200 and possibly overshooting to 1.1500 by the end of 2025.

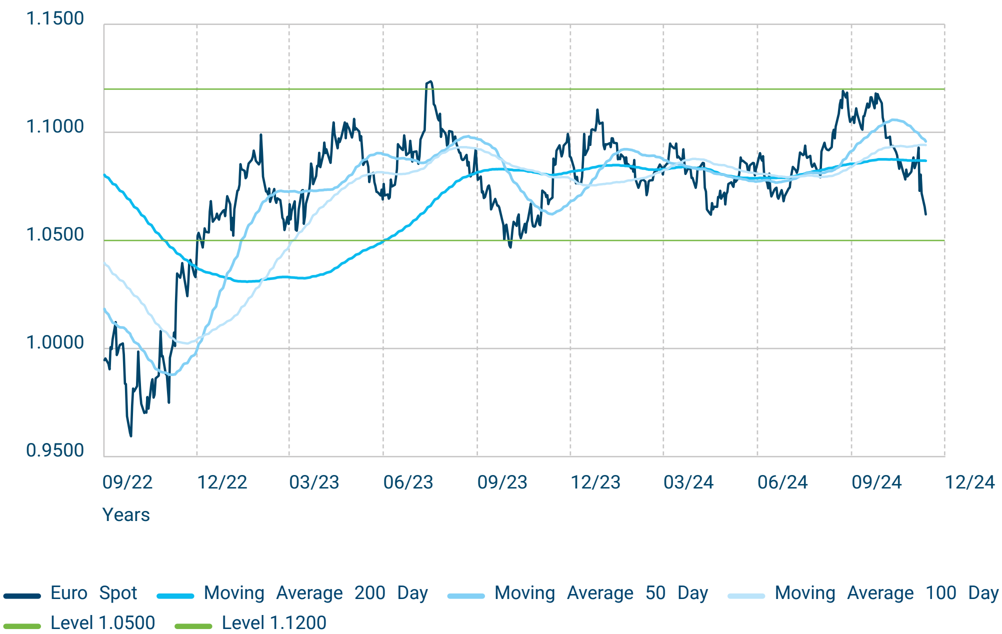
**GBP/USD**
With our base scenario for the UK economy to grow at a modest pace during 2025 and yields to remain at relatively higher levels at the start of 2025 due to a more cautious approach by the Bank of England, we believe the pound will remain an attractive G10 currency once the dollar runs its bullish course. Expected range: 1.2800 to 1.3400.

**XAU/USD adding to gold on technical dips**
Central banks are set to continue their gold-buying spree, contributing to strong demand for physical gold. In 2025, XAU/USD is likely to be driven by a mix of global economic conditions, monetary policy decisions, inflation trends and geopolitical risks. The outlook remains uncertain from here, but we expect gold prices to remain elevated. Expected range: 2600 to 3000.

**USD/JPY Watch out for intervention**
With the Federal Reserve rate path shifting to a more hawkish stance while the Bank of Japan remains dovish, USD/JPY could see further gains, potentially pushing towards the 160-level traded last summer. The market will again test the Bank of Japan's willingness to strengthen the JPY either by intervening or hiking rates. Until then, the JPY carry trade is expected to remain a key theme for 2025, with an anticipated range of 145 to 160.

**CHF Keep an eye on the Swiss National Bank**
The Swiss franc has tended to appreciate recently, due to geopolitical issues. The strength of the CHF is unlikely to please the Swiss National Bank (SNB). Lower inflation reports from Switzerland and rate cut expectations have so far failed to reduce the strength of the currency. While the SNB has not actively intervened in the Swiss franc in 2024, this could change to some extent in 2025 if the currency remains too strong. We believe the SNB will gradually succeed in slightly weakening the currency. Expected range: 0.9300 to 0.9600.

> **Figure 5: EUR versus USD spot evolution**
*Bloomberg Data, 13/11/2024*



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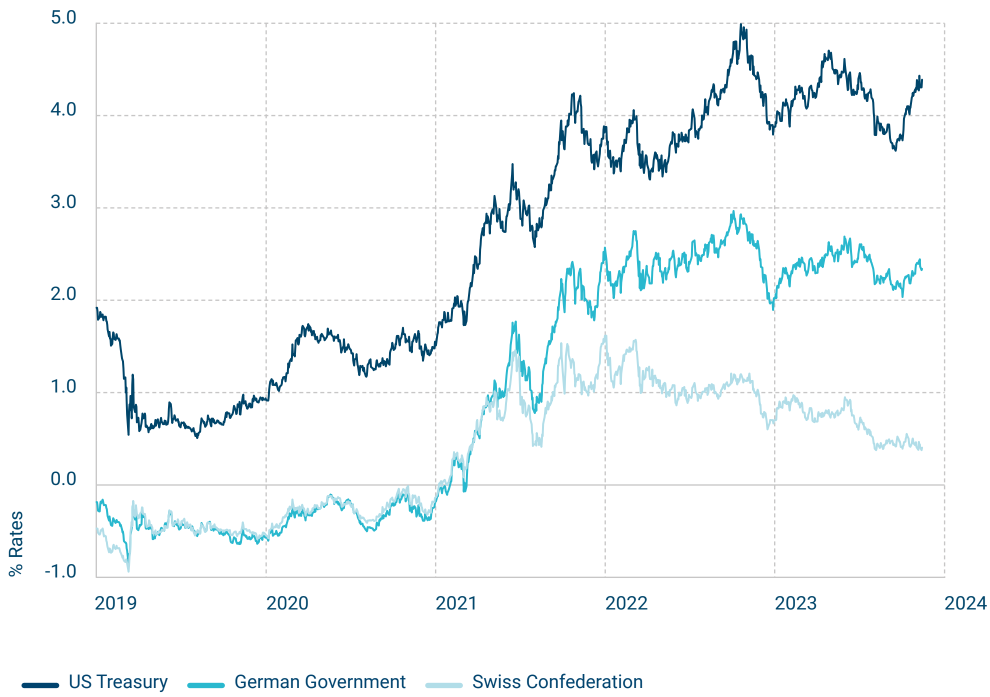
# Balancing credit and duration risks offers the most promise.

## Fixed Income Outlook 2025


Charles Winkler
Investment Advisor

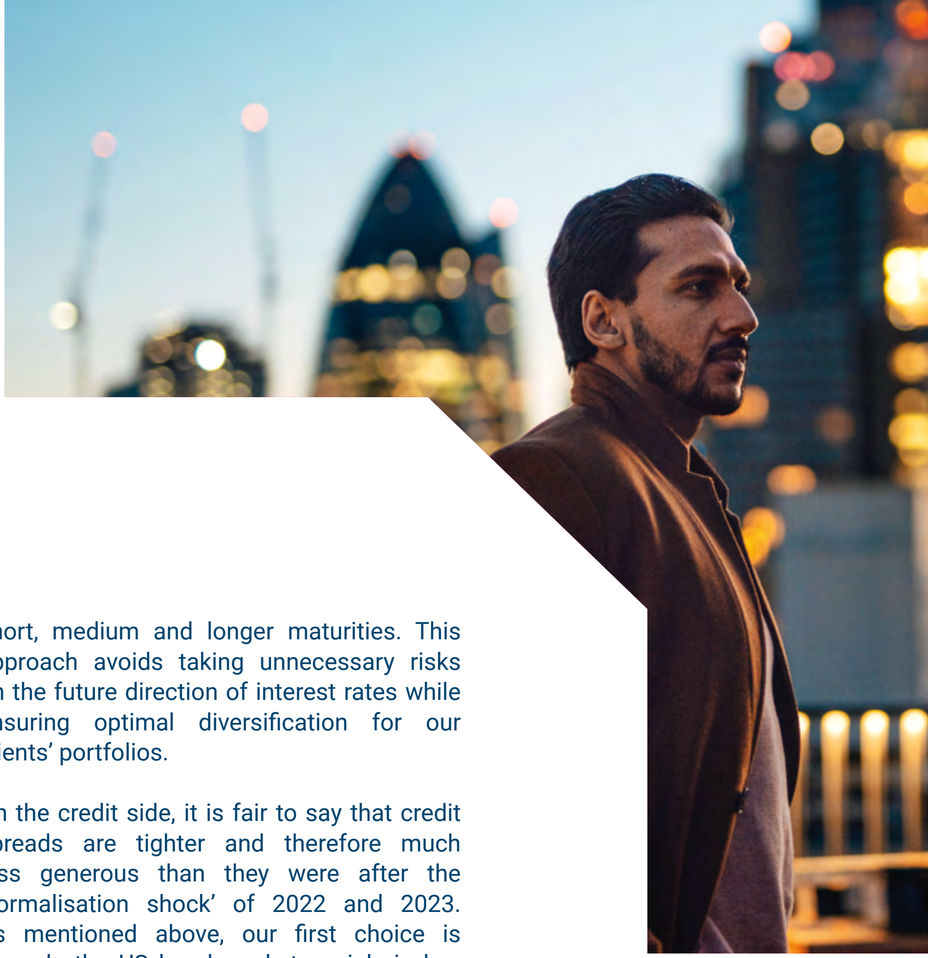

**For next year, we would reasonably expect lower short-term rates in the US and Europe. Concerning long term rates, the story differs slightly between these regions.**

> **Figure 6:** 10-year yield evolution in the USA, Germany and Switzerland
*Bloomberg Data, 13/11/2024*




Over the last 12 months the most notable change has been the decrease in futures returns within the fixed income asset class. At the beginning of 2024, very short-term rates (one to six months), which are most influenced by the US Federal Reserve, stood at 5.40%. Today they are at 4.60% and are expected to continue declining as the Federal Reserve adopts a progressively less restrictive stance, assuming a US soft-landing scenario, which remains the most likely outcome.

The US economy remains in a good shape, whereas the situation in Europe could be more challenging in 2025. France—the 'elephant in the room'—is under particular pressure. Borrowing costs in the Hexagon have increased recently, with 10-year rates at



2.55% in January 2024 compared to 3.20% in November 2024. The rise in France's sovereign 30-year curve is notable, climbing from 3.10% to 3.70%, which demonstrates a lack of confidence in the country, going forward. In a negative scenario, the European Union as a whole will be a welcome backstop for France.

It is interesting to observe the different forces at play in Europe. France is working to reassure financial markets about its high debt load, while the broader continent continues to struggle with a chronically weak economy due to negative supply shocks and insufficient demand in both industry and services. Inflation in the Eurozone fell below 2% for the first time since 2021 and should continue to stabilize at low levels during 2025.

With the Federal Reserve and the ECB continuing to be more accommodative in 2025, it is important to remember that reinvestment risks at the very short end of the yield curve can suddenly materialise when policy rates are cut.

Yield curves have been inverted for the last three years but the rate-cutting cycle which began a few months ago has normalised the situation. For now, there is still an attractive premium for holding very short-duration bonds (less than one year). However, the direction in policy rates from both the Federal Reserve and the ECB is clear: they will continue cutting rates into the new year. As a result, the premium for very short-term bondholders should decrease sequentially in 2025.

We therefore still consider it is a good time to lock in current yields within clients' fixed income portfolios. As we recommended at the end of 2023 and during 2024, we advise diversifying duration risk in portfolios with short, medium and longer maturities. This approach avoids taking unnecessary risks on the future direction of interest rates while ensuring optimal diversification for our clients' portfolios.

On the credit side, it is fair to say that credit spreads are tighter and therefore much less generous than they were after the 'normalisation shock' of 2022 and 2023. As mentioned above, our first choice is towards the US bond market, mainly in low investment-grade names (BBB-rated bonds) although we remain open to selected, specific BB/BB+ names from well-known issuers.

In Europe, we prefer to focus on high-grade investment-grade names, even if we agree to go slightly lower on the credit curve to add some BBB-rated bonds. However, we remain mindful that weaker companies could be more severely impacted if the European economy comes under more pressure than initially expected. Many weaker companies are still replacing old debt with more expensive debt options whenever they need to refinance. On the duration side, long-term maturities bonds in Europe (10Y+) could deliver a positive surprise, gaining in value if the more negative scenario outlined above does materialize.

For 2025, we therefore prefer a mixed allocation of shorter-dated and longer-dated bonds, to allow a better diversification of maturities within our clients' portfolios. In term of credit risk, we favour the low investment-grade segment in the US as well as the higher investment-grade names in Europe, with some satellite exposure in BBB-rated bonds as an attractive risk diversifier.

# Technology and liquidity at the heart of global stock returns.

## Equity Outlook 2025

Erman Mendirek, CFA
**Investment Advisor**

### US equities

US stocks once again delivered solid gains this year, although not without volatility and bumps along the way. The current bull market which emerged from the ruins of October 2022, remains intact and supported by important breakthroughs in artificial intelligence (AI), the number one Mega Trend. The implications of AI now go beyond chipmaking or data centres to have concrete impacts in other sectors including financials, utilities and energy. As an example, during the latest S&P500 earnings season, about 50% of companies mentioned AI in their earnings calls.

At a macro level, the Federal Reserve embarks on a new easing cycle which can further improve financial conditions, support economic activity and maintain a favourable environment for equity investments. US real GDP is expected to grow 2.8% this year and 3.2% in 2025, recently reconfirmed by the IMF World Economic Outlook. In terms of intrinsic valuation, earnings for S&P500 companies are forecast to climb another 13% next year following a 9% growth in 2024. However, this is not without a caveat: strip out index heavyweight mega-tech companies and the anticipated profit expansion nearly disappears. Take out tech and communications more broadly, and the growth almost turns negative.

Although tech and communication services have remained sectoral winners since 2022, what might 2025 deliver for the remaining nine sectors? After a lacklustre first half of 2024, S&P500's rally somehow broadened, supported by financials and utilities. The latter, mundane and underachieving during the last 24 months, found a new lease of life amid increasing energy demand by AI data centres. With the Federal Reserve starting to cut interest rates, real estate may have returns to offer, although investors should be selective of the type and geography of properties.

Finally, what could spoil the party? Ballooning US fiscal deficit and an ever-growing debt pile pose essential systematic risks and therefore may create volatility. The kind of macro spasms seen in Japan this summer may scare more than few and cause corrections. Speaking of which, looking back at the post-2008 period, S&P500 corrections of 5–10% remain excellent entry points for long-term equity investors, delivering positive returns 85% of times within the following three to six months. Therefore, US equity investors are encouraged to maintain strategic allocations in AI and AI-beneficiaries while carefully monitoring global macroeconomic and liquidity conditions.

### European equities

European equities continue to lag behind their US peers. Across different metrics, a wide gap in GDP has now opened up between the EU and the US, driven by a pronounced slowdown in productivity growth in Europe (notably across technology and innovation). Chronic growth issues, previously offset by European exporters capturing a complex and intertwined geopolitical landscape elsewhere—especially in Asia—are now magnified by weaker global demand. In other words, China's economic slowdown is directly affecting German and French market heavyweights, specifically the automotive and luxury sectors.

Equity returns naturally reflected this widening productivity over the last 10 years. Comparing the Euro Stoxx 50 with the tech-heavy Nasdaq-100, the total return difference now stands at an eye-watering 370%. Year-to-date Euro Stoxx-50 winners remain Unicredit and Intesa — two Italian banks benefiting from expanding valuation multiples and continued share buybacks in a high nominal rates environment. Automotive, discretionary and luxury sectors continue to issue profit warnings and downgrade their outlooks.

Will Europe bring out the big guns? In September, a deeply comprehensive report on EU competitiveness, authored by no other than Mario Draghi, ex-ECB President, was delivered to the EU Commission. The report explicitly calls for urgent spending equivalent to 5% of GDP per year. Specific emphasis is given on closing the technology gap while accelerating innovation and investment. Will Europeans, like the Chinese in September, fire up the money printer and take bold steps to support equity returns?

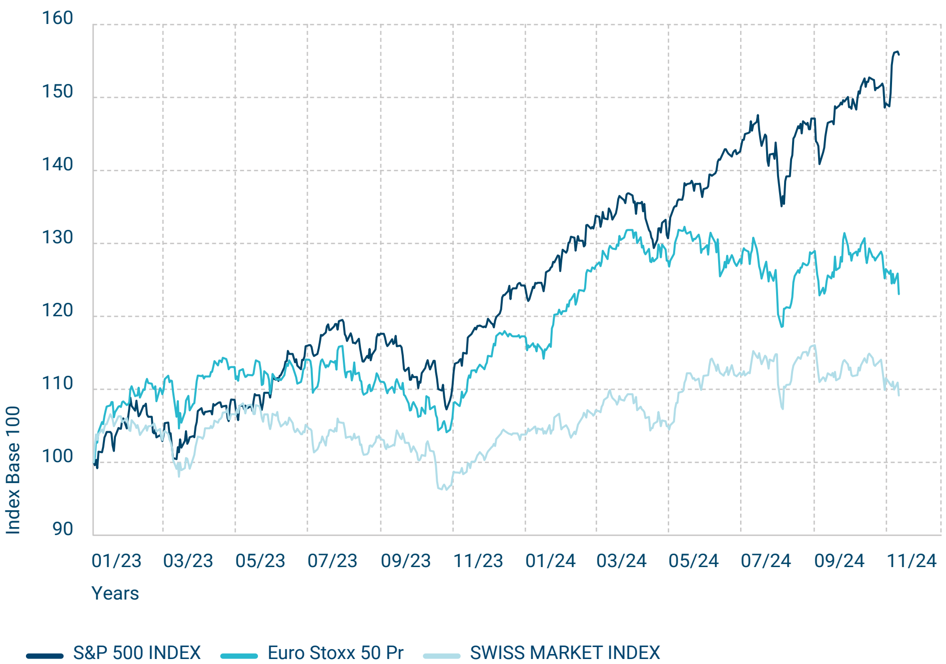
## Swiss equities

Swiss stocks continue to provide solid diversification for international investors. Despite struggling multinational giant Nestlé and its organic growth issues, other names took centre stage and delivered interesting growth stories. With Holcim (construction materials) planning its US spinoff and Sandoz defining operational excellence in generic pharma, this small Alpine country continues to propose value amid continuous global reach, bolstered by research and development.

In terms of earnings growth, SMI Index revenues are expected to grow a healthy 12% next year while valuation multiples—although more expensive than those of the Euro Stoxx-50—remain below their 10-year average. Therefore, investors seeking CHF diversification may consider Swiss equities and gain exposure with cost-effective SMI ETFs.

**> Figure 7: Index evolution of S&P500, Euro Stoxx 50 and SMI, base 100 since the beginning of 2023**

*Bloomberg Data, 13/11/2024*



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