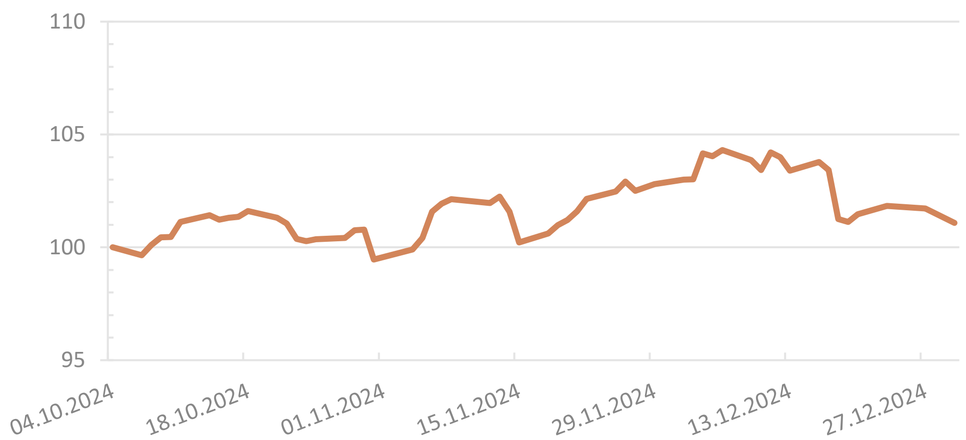
WYSS & PARTNER

Annual Review 2024 W&P Growth USD

The second half of the year was characterized on the one hand by the ongoing efforts of central banks to further reduce inflation rates without jeopardizing growth, and on the other hand by political tendencies. Following the SNB and the ECB, the Fed reduced interest rates by 50 basis points in September, following muted labor market data. Still, the rate cutting cycle in the USA is progressing much more slowly than expected, as inflation remains above target and the economy continues to grow very robustly. The fund was launched at the beginning of October 2024, and, amid heightened volatility from elections and resetting interest rate expectations, returned 1.1% (net).

Chart 1: Performance W&P Growth USD (04.10.2024 – 31.12.2024)



Past performance is no reliable indicator or guarantee for future performance.

With the labor market showing tentative signs of weakness, the Fed's pivot effectively started in September, with the first interest rate cut. Before, the central bank held off due to ongoing economic strength on the one hand and slowing progress on the inflationary front on the other hand. The second half of the year was characterized by continued economic exceptionalism and a political tug-of-war in the USA, while Europe and China are still struggling with structural challenges.

- Equity markets in the USA took a breather to begin the second half, with concerns about a weakening labor market and still elevated inflation weighing on sentiment. However, the correction was short-lived, and markets resumed the upward trend that has been in place before. Overall, 2024 has been a year of positive surprises in the USA, with economic growth higher, corporate earnings stronger, credit spreads lower and a labor market more robust than expected.

With the exception of Boston Scientific, the health care sector disappointed and finished the year in the red. Performance in the fourth quarter was driven by software companies like Salesforce, Autodesk, Cadence Design or the cybersecurity sector. Other bright spots include household names like Amazon, Apple, Alphabet and Netflix, all with double digit returns for the final three months of the year.

- With the Federal Reserve getting underway and starting the easing cycle in September, the yield curve continued to steepen, with the shorter end coming down, while yields on longer maturities increased on average by another 30 basis points. In December, the Fed updated expectations for a slower and more gradual path of easing rates, partly due to the strong economy, partly due to increased inflation expectations for 2025. With yields rising meaningfully in the fourth quarter, bond performance was slightly negative for the fund.
- The price of gold took a breather and consolidated in the fourth quarter amid rising yields and a strong US dollar, weighing on performance.

At the start of the year, financial markets reflect a very optimistic scenario, and in the short term we consider it likely that the positive momentum will continue. Overall macroeconomic data also gives cause for further optimism, even if the picture is mixed in certain pockets of the economy. At the same time, however, it is important to take advantage of this phase and position ourselves for any upheavals and ongoing volatility.
The scope and intensity of the new US administration's economic and trade policy is fraught with uncertainty and could have a significant impact on the global economy. Political shifts to the right in large parts of Europe are also likely to result in more protectionist measures. The geopolitical situation remains tense, and it remains to be seen whether hopes of a quick end to the war in Ukraine or stabilization in the Middle East are justified. Overall, we remain optimistically positioned, at least in the short term, and are focusing on stable growth opportunities in the equity sector, with high-quality bonds and gold for stabilization.