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Info & Factsheet

Investment Spotlight

W&P Dynamic Growth USD

Q1 2025

Economy & Markets

The first quarter of 2025 was marked by heightened volatility across asset classes. U.S. equities faced headwinds as investor sentiment weakened amid concerns over trade policy. President Donald Trump's back and forth of tariffs on imports reignited fears of a trade war, weighing on corporate earnings projections and sentiment. The technology sector suffered, with major firms from the AI complex seeing declines. Inflation concerns further pressured markets, as the Fed might be caught between muted growth and stubborn inflation. In contrast, European equities performed well, supported by attractive valuations and expectations of early ECB rate cuts, as well as the potential of more fiscal stimulus. Gold surged to record highs as investors sought safe-haven assets amid geopolitical uncertainties and inflation fears.

The Fund

Recap

Technology and related sectors were the biggest drag on performance in the first quarter, with especially the AI complex broadly lower, including infrastructure investments such as cooling and energy supply for data centers. Financials, Health Care and Consumer Staples were the bright spots, but were not enough to lift the portfolio to a positive performance among widespread market turmoil. Both fixed income as well as gold closed the quarter in the green, counteracting equity volatility and uncertainty.

Transactions

We reduced exposure in the consumer discretionary sector amid deteriorating consumer sentiment. Positions in the US technology sector and related companies were also trimmed, and the funds were reinvested in Switzerland and surrounding Europe, with a focus on cyclical sectors such as banks and the construction industry, which are likely to benefit from economic stimulus packages. AliBaba shares were also added to the portfolio as an alternative to US tech and as exposure to the Chinese consumer.

Outlook

The environment remains highly uncertain overall, with geopolitical tensions and US trade tariffs and corresponding countermeasures as the main risks for investors. Moreover, confidence is eroding, and the American exceptionalism appears to be on thin ice. On the corporate side, we are awaiting initial impressions from earnings reports for the first quarter. We believe that there are pockets of opportunity in Switzerland and surrounding Europe, but the financial markets will continue to be heavily influenced by developments in the US and the rhetoric from the White House, from where the risks are clearly accentuated. Behind all the smoke and the noise, however, the US economy continues to look robust, though we closely monitor incoming data to look for signs of a meaningful deterioration.

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