WYSS & PARTNER

Semi-Annual Review W&P Growth USD

The first half of the year was characterized by extremely high levels of uncertainty in financial markets. In our opinion, the main factors contributing to this were aggressive tariff policies, a continuously weakening USD, increasing fiscal risks, as well as geopolitical conflicts. But despite cautious and negative sentiment and record high uncertainty, the hard economic data showed that so far, the economy remains resilient. After a disappointing start, the fund has recovered and navigated the increased volatility well, resulting in a first-half performance of +6.6% net.

Chart 1: Performance W&P Growth USD (04.10.2024 – 30.06.2025)

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

While the Federal Reserve in the US maintained a cautious approach, holding rates steady amid sluggish progress on the inflation front, both the Swiss National Bank (SNB) and the European Central Bank (ECB) proceeded with further rate reductions, reflecting softer inflation. Labor markets held up well, and consumption continues to track robustly, despite uncertainties abound.

- After a disappointing first quarter, equity markets in the USA took a nosedive to begin the second quarter, triggered by President Trump's "Liberation Day". However, the correction was short-lived, and markets started to recover swiftly after the 90-day extension came into effect. Additionally, corporate earnings for the first quarter showed resilient EPS growth, though there may have been distortions in the market from tariff front running.
  Performance in the first half was driven by the industrial sector, with other top performers coming from various sectors. The strongest contributions to returns came from Netflix (communications), Holcim, Geberit and Heidelberg (European construction & materials), Nestlé

(Staples), Boston Scientific (Healthcare), Zurich Insurance (Financials) as well as IT behemoths Microsoft and Nvidia. On the other hand, share performances of Thermo Fisher and Novo Nordisk disappointed, and other members of the US Big Tech complex, i.e. Apple and Alphabet, ended the quarter in the red.

- Bond markets fluctuated especially in April, as the "Liberation Day" volatility extended to fixed income markets. Expectations for US rate cuts were pushed further into the future, but credit spreads remained tight, reflecting ongoing confidence in corporate fundamentals. The fund maintained a focus on high-quality issuers and selective duration exposure. We continue to monitor longer-term rates as we believe they are an important reflection of the market's assessment of US fiscal policy and the overall debt sustainability. Overall, bonds performed well and contributed positively to the overall return.

- The fund's allocation to gold continued to provide diversification benefits and improved the overall risk/return profile, as the precious metal reached new highs amid tariff volatility and geopolitical uncertainty.

US trade and fiscal policy will continue to play a major role in financial markets in the second half of the year. Due to the unpredictability of the US administration, there is a lingering overhang with the risk of a correction. However, these uncertainties are likely to diminish as the coming months become clearer in terms of tariffs, tax and fiscal policy. The underlying economic trends continue to point to a robust economy, although it remains to be seen what further effects the first round of reciprocal tariffs could have. In our opinion, the anticipated interest rate cuts in the USA will only have a limited effect, as we expect less easing in long-term interest rates. Geopolitically, there is still a risk of an escalation of existing conflicts or the outbreak of new ones. To counter this challenge, we continue to position ourselves in a diversified manner and focus on structural growth themes, high-quality debtors and precious metals as a portfolio stabilizer.