WYSS & PARTNER

Annual Review W&P Growth USD

After the turmoil following the "liberation day", the second half saw a steady stream of bilateral trade agreements that saw tariffs move well below the initial headline numbers for most economies. The US economy continued to power on, with strong growth numbers reported for the third quarter and expected for the fourth. Supported by a cutting fed, US stocks continued their uptrend, and, after a brief correction in November, closed the year near record highs. The fund could profit from positive returns in multiple asset classes, resulting in a full year performance of +14.2% net.

Chart 1: Performance W&P Growth USD (04.10.2024 – 12.31.2025)

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

While central banks in Switzerland and Europe held steady, the Federal Reserve in the US implemented three rate cuts in the second half, after withstanding mounting pressure from President Trump to cut rates more quickly. The cuts followed weak readings of the labor market, while inflation is seemingly under control, albeit still meaningfully above target. Both consumption and the ongoing investment cycle propelled US growth to outpace other Western economies, though cracks under the surface appear to become both more frequent and more visible.

- With companies delivering double-digit earnings growth amid record-high profit margins, stocks were able to continue to melt up, despite stretched valuations in many pockets of the market. Performance in the second half was driven by the well-known companies from tech-adjacent sectors like Alphabet, Apple, or Alibaba. Further, the industrial complex continued to deliver outstanding returns, lead by the likes of Holcim, Parker Hannifin, Vertiv or ABB, with European banks being another strong performer. On the other hand, the shares of Vistra and

Netflix disappointed in the second half, the latter amidst the bidding war for Warner Bros, and except for Gilead, the health care sector was another laggard..

- The yield curve continued to normalize as the short end was pulled down along the Fed rate cuts. Credit spreads continued their downtrend and were steadily lower through the second half, hovering near multi-year lows. The combination of lower yield and lower risk premia resulted in a very positive return contribution from the fixed income side. High quality corporate bonds returned 7% for the full year.

- The fund's allocation to gold continued to provide diversification benefits and improved the overall risk/return profile, as the precious metal continued to climb, reaching new highs amid tariff volatility, geopolitical uncertainty and the reshuffling of central bank reserves away from the US dollar.

For the coming year, we expect many of the same issues to continue to be the dominant narratives in markets: geopolitical uncertainty and conflicts, excessive government debt, resilient consumers, and the question of the tangible benefits of AI versus the growing signs of a bubble. In addition, we expect the US economy to be stimulated as much as possible in the run-up to the midterm elections, even though the labor market is likely to remain weak. Against this backdrop, we believe that a diversified portfolio remains the best strategy for balancing opportunities and risks. We are therefore continuing to position ourselves in structural growth themes such as electrification, AI expansion, and healthcare, but also in more cyclically sensitive sectors such as European banking and construction. In the fixed-income sector, the focus is on high-quality debtors, given the unattractive risk-adjusted returns for lower quality high-yield debt. Despite breathtaking price gains, we continue to favor gold as an addition to the portfolio, as various factors are likely to support price developments in the future, and we would view any short-term correction as an opportunity.